

2016-2017

# RESOURCE GUIDE *for* SMALL BUSINESS

U.S. Small Business Administration • Lubbock - West Texas Edition



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a Resource  
Partner  
Milestone  
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SMALL BUSINESS

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# HELP YOUR START UP STAY UP.

As a small business owner, having the right insurance coverage can mean the difference between staying in business and going belly up. At Progressive, our experts can provide a broad range of coverage—from general liability, commercial auto, and more—to help you protect not just your vehicle, but the business that depends on it.

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## FROM THE ADMINISTRATOR



# Finding Your Partner for Success

I am proud to hold the seat in the President's cabinet responsible for helping America's Mom & Pop businesses grow and scale up. At the U.S. Small Business Administration (SBA), we are committed to empowering potential entrepreneurs and small business owners like you who help drive America's economy. In today's competitive global landscape, small businesses face major opportunities and challenges. The SBA is here to help with capital, counseling, contracts, and loan assistance after a natural disaster. But our work doesn't happen alone. Just like any seasoned entrepreneur can tell you, effective partnerships are pivotal to an organization's success.

That's why we have dedicated resource partners located in close proximity to virtually every community in America. These partners amplify the support SBA offers through one-on-one counseling, training and mentorship.

This issue of our resource guide spotlights the 35th anniversary of our Small Business Development Centers. SBDCs are the most comprehensive small business assistance network in the world, serving America's urban centers, rural towns and underserved communities. They are hosted by universities and economic development agencies, and funded in part through cooperative agreements with SBA.

Small business owners and aspiring entrepreneurs can go to one of the more than 940 SBDC service locations throughout the United States and its territories to obtain free professional counseling from qualified business

advisors. These SBDC advisors have expertise and can consult with you about how to write a successful business plan, obtain capital, market your business, manage your working capital, obtain a government contract, and export to the billions of consumers who live outside of our borders.

My personal commitment to help SBA serve America's small businesses is rooted in my own entrepreneurial experience. Before taking on the leadership of SBA, I started three small businesses, including a community bank that specialized in small business lending. I understand firsthand the sacrifice, struggle and strength that entrepreneurs muster every single day to sustain their vision. My success depended on my ability to seek out knowledgeable and trusted counselors. I wish I knew then what I know now: SBA and its resource partners offer the services and mentorship that can help you propel your business.

I encourage you to leverage the partnerships SBA and SBDC offer. Consult this resource guide for more information and visit [www.sba.gov/tools/local-assistance/sbdc](http://www.sba.gov/tools/local-assistance/sbdc) to find your local center.

After all, our business is to empower yours.

Sincerely,

A handwritten signature in black ink that reads "Maria Contreras-Sweet". The signature is fluid and cursive.

**Maria Contreras-Sweet**  
*Administrator*

*U.S. Small Business Administration*

## FROM THE REGIONAL ADMINISTRATOR



Greetings,

Whether you're just starting out or in the process of scaling up your small business, you'll find SBA products and services are smart, bold and more accessible than ever before.

Fiscal year 2015 has gone down in the history books as one of the most productive in the 53-year history of the SBA. We supported nearly \$33 billion in lending through our 7(a) and 504 loan programs, and these loans supported over 680,000 jobs across the country.

SBA's 7(a) lending increased to underserved communities: women increased 22 percent; minorities increased 23 percent; and veterans, increased 103 percent. We are changing the way SBA connects with entrepreneurs by creating a network of growth accelerators and incubators, and reaching out to millennials through the My Brother's Keeper Initiative. These are just a few of the steps we've taken that have significantly bolstered SBA's impact in underserved communities.

In the South Central Region – Arkansas, Louisiana, New Mexico, Oklahoma and Texas - the FY 2015 numbers show strong growth and impact:

- 22.92% increase in loan dollars across the Region - \$3.43 Billion
- 20.27% increase in loan numbers across the Region – 6,841 loans
- 110.3% growth in total loan dollars for FY15 vs FY 09, year over year growth.
- 36.7% growth in total loan numbers for FY 15 vs FY 09, year over year growth.
- 118,878 clients served by our resource partners in the Region.

The SBA Small Business Investment Company (SBIC) Debenture program had another record year of growth in FY 2015. Investment funds licensed as SBICs provided more than \$6 billion in capital to small businesses, a 15 percent increase over FY 2014.

SBA achieved \$1.4 billion in export financing last year by increasing the number of lenders providing export loans. These loans produced \$3 billion in small business export sales for those entrepreneurs seeking to sell goods and services to the 95% of the world's consumers

that live outside the United States. We believe small exporters will be able to do even more with the Trans-Pacific Partnership (TPP). TPP would allow our small businesses to reach new markets in the Asia-Pacific region, and it would unlock additional opportunities by addressing trade barriers that are particularly challenging for small firms. Additionally, TPP will eliminate 18,000 taxes and tariffs that deter many from considering foreign markets.

For the third consecutive year, the SBA announced the federal government met the 23 percent small business procurement goal. In FY 2015, 25.75 percent or \$90.7 billion of all federal small business eligible contracting dollars were awarded to small businesses, supporting 537,000 jobs. Small businesses in the South Central Region were awarded \$9.6 billion in federal contracts in FY 15, an increase over the previous year.

Health care continues to be a priority for small businesses. Since February 2013, SBA has participated in over 2,100 ACA field events with combined in-person attendance of over 88,000. The Small Business Health Options Program (SHOP Marketplace) is the Health Insurance Marketplace for Small Businesses created by the Affordable Care Act (ACA). Through SHOP, small businesses with 1 to 50 employees can find affordable, high-quality private health and dental coverage. Visit [SBA.gov/healthcare](http://SBA.gov/healthcare) for more information.

If you're ready to create a new chapter in your life and be a leader in your community, now is the best time to take that first step. SBA is working smarter because we're taking advantage of technology to make it easier for you to communicate with us, access our loan programs and counsel with our resource partners. We are building a more efficient platform for America's small businesses to access the services and programs you need.

We look forward to hearing from you! Please visit us at [www.sba.gov](http://www.sba.gov) and follow us on twitter @SBAsouthcentral.

All the best!

**Yolanda Garcia Olivarez**  
*Regional Administrator*  
*SBA Region VI – Arkansas, Louisiana,*  
*New Mexico, Oklahoma, Texas*

# Message From The District Director

## WEST TEXAS DISTRICT OFFICE

### SBA Staff Listing

[www.sba.gov/tx/lubbock](http://www.sba.gov/tx/lubbock)

#### EXECUTIVE DIRECTION:

##### District Director

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806-472-7462 ext. 103  
calvin.davis@sba.gov

##### Deputy District Director

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##### Administrative Officer

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##### Economic Development Specialist

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Jennifer Oldham  
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## Entrepreneurs

"Large business success stories typically started with only a motivated entrepreneur and a dream."

Established in 1953, the United States Small Business Administration (SBA) continues to offer opportunities for existing and aspiring entrepreneurs to: start, develop, build, finance, and grow their small businesses. It remains the mission of SBA, and of the Lubbock-West Texas District Office, to strengthen our economy through helping and supporting our small businesses. We want to be your small business resource that will help you fulfill your dreams by taking your potential or existing business to the next level.

Today, SBA has two new and exciting initiatives that will help you achieve your dreams and accomplish your goals. Your new SBA is the agency that has become Smart, Bold and Accessible! Just over 15 months ago, SBA launched two major online initiatives that are contributing to SBA actually become smarter bolder and more accessible. The first initiative is called LINC, which is an online portal that links potential borrowers or clients with SBA approved lenders. Think of it as an online dating system for small businesses and banks. LINC can be found online at <https://www.sba.gov/tools/linc>. The second initiative is SBA ONE, which is a new lender processing platform designed to increase the efficiency of the loan application process, making it easier for our lending partners to process SBA loans and to make the approval process quicker for small businesses. Some of our SBA lenders have referred to it as the "TurboTax of SBA lending". For the consumer, it means faster and more efficient service.

As you explore this 2017 edition of the Lubbock- West Texas Resource Guide, you will find out about the many tools and resources that are available to help you address your specific needs though out our vast 71 county 67,667 square mile district. Whether your needs are to create a business plan, obtain commercial financing, obtain government contracting assistance, receive technical assistance, or obtain basic business counseling, we, along with our cadre of partners are here to serve you. Working in conjunction with our resource partners including the Small Business Development Centers (SBDCs); SCORE Counselors to America's Small Business; Certified Development Companies; SBA bankers; chambers of commerce; and, state and local economic development agencies, it is our intent to provide you with the information and support needed to assist you in becoming the best that you can be in the entrepreneurial world.

Dr. Benjamin E. Mays, Ph.D. stated: "It isn't a calamity to die with dreams unfulfilled, but it is a calamity not to dream." Never stop dreaming because success typically starts with a dream. Here's wishing you the very best, and a world of success in all of your entrepreneurial endeavors.

With kind regards,

**Calvin Orlando Davis**

District Director of  
SBA's Lubbock - West Texas District Office

### West Texas District Office Counties Served (71):

Armstrong	Dawson	Hardeman	Martin	Sherman
Andrews	Deaf Smith	Hartley	Midland	Sterling
Bailey	Dickens	Haskell	Mitchell	Stonewall
Borden	Donley	Hemphill	Moore	Swisher
Briscoe	Ector	Hockley	Motley	Taylor
Carson	Fisher	Howard	Nolan	Terry
Castro	Floyd	Hutchinson	Ochiltree	Upton
Childress	Foard	Jones	Oldham	Ward
Cochran	Gaines	Kent	Parmer	Wheeler
Coke	Garza	King	Potter	Winkler
Collingsworth	Gray	Knox	Randall	Yoakum
Cottle	Glasscock	Lamb	Reagan	
Crane	Hale	Lipscomb	Runnels	
Crosby	Hall	Lubbock	Roberts	
Dallam	Hansford	Lynn	Scurry	



# Doing Business in West Texas

The SBA helps business owners grow and expand their businesses every day.



## THE WEST TEXAS DISTRICT OFFICE

The West Texas District Office is responsible for the delivery of SBA's many programs and services. The District Office is located at 1205 Texas Avenue, Room 408, Lubbock, TX. Office hours are from 8:00 AM until 4:30 PM, Monday through Friday.

## CONTACTING THE WEST TEXAS DISTRICT OFFICE

For program and service information, please contact Kim Hobgood at the Marketing Division 806-472-7462 ext. 108 or e-mail: kimberly.hobgood@sba.gov.

## SERVICES AVAILABLE

Financial assistance for new or existing businesses through guaranteed loans made by area banks and non-bank lenders.

Special loan programs are available for businesses involved in international trade.

A Veterans Business Development Officer is available to assist veterans. Please contact Smiley Garcia, Veterans Business Development Officer at 806-472-7462 ext. 123 or e-mail: smiley.garcia@sba.gov

Free counseling, advice and information on starting a small business, operating or expanding a small business are available through SCORE (Counselors to America's Small Business, Small Business Development Centers (SBDC) and Women's Business Centers (WBC). They also conduct training events throughout the district - some require a nominal registration fee.

Assistance to businesses owned and controlled by socially and economically disadvantaged individuals through the Business Development Program.

A Women's Business Ownership Representative is available to assist women business owners. Please contact Smiley Garcia at 806-472-7462 ext. 123 or e-mail: smiley.garcia@sba.gov.

## We Welcome Your Questions

For extra copies of this publication or questions please contact:

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Lubbock, TX 79401-2693

Tel: 806-472-7462 Fax: 806-472-7487

Website: [www.sba.gov/tx/lubbock](http://www.sba.gov/tx/lubbock)



## SUCCESS STORY

### Mark Wingate of Maxi-Volt Corporation

(15 Employees) Maxi-Volt Corporation (MVC) is a manufacturer of power quality products which prevent harmful spikes and surges from damaging electrical equipment within an electrical system. They provide their expertise to residential, commercial, industrial, and local, state, and federal governmental installations.

Mark Wingate is the president of Maxi-Volt Corporation and is a third generation entrepreneur. Mr. Wingate has utilized the training services of SBA's website as well as the counselling services of the West Texas A&M Small Business Development Center with great results.

Mr. Wingate invented and designed dozens of electronic devices used all over the world, and has patents used for medium voltage applications in the industrial industry, as well as government installations. MVC's mission is to continue to develop and provide safe and effective products. They also add value through specialized services that will improve the quality and address the needs of its clients' electrical systems. Maxi-Volt's vision is to redefine the manufacturer's role and become the leader in the power quality industry. Maxi-Volt Corporation adds value to products by providing services tailored to meet the specific needs of clients. Utilizing an old-fashioned approach to customer service, they are willing to do just about anything to ensure the clients are not just satisfied, but wildly happy. Over two decades of experience, the resources, the equipment, and a genuine determination to exceed client expectations allow MVC to assist clients in a variety of ways.

Mr. Wingate of Maxi-Volt Corporation (MVC) was named as the 2016 Small Business Person of the Year for the entire Lubbock - West Texas District. A Small Business Week event was held in his honor on May 4th, 2016 at the Amarillo Chamber of Commerce.



# Celebrating a Resource Partner Milestone

by Paula Panissidi, SBA's Director of Marketing

If you're a small business owner, whether you're just starting out or have been in business for a while, you're likely wearing multiple hats...So many hats, in fact, that it's very easy to miss the little successes along your journey as an entrepreneur. Those milestones give us perspective and, often, a sense of accomplishment. They allow us to see just how far we've come. So, it's important to celebrate them.

Hiring your first employee. The first month you made a profit. Getting your first huge client or public endorsement. Securing that first loan so you can expand your business. Opening that second location. These are all important milestones, but many years in the future these milestones will also help you gauge the impact you've made...whether on an individual, in a community, or globally.

It is with this appreciation for milestones in mind that we recognize the 35th anniversary of the Small Business Development Center (SBDC) program. Funded in part through cooperative agreements with the SBA, SBDCs offer existing and future entrepreneurs free business counseling and planning assistance, as well as insight and guidance with respect to several special

focus areas, such as green business technology, disaster preparedness and recovery, veteran's assistance, technology transfer, and regulatory compliance. And, with more than 900 locations throughout the country, Guam, Puerto Rico, American Samoa, and the U.S. Virgin Islands, SBDCs are unparalleled in their reach as a professional business counseling network.

In recognition of the tremendous contribution SBDCs have made and continue to make to the growth and sustainability of America's small businesses, this edition of SBA's Small Business Resource Guide is dedicated to America's Small Business Development Centers. The next several pages profile just a handful of the small businesses that have succeeded, in large part, due to the assistance they received from an SBDC. We hope these stories both inspire and motivate you to pursue the path of entrepreneurship.

*To learn more about Small Business Development Centers, please read the Counseling section of this resource guide. To find the nearest SBDC, visit [www.sba.gov](http://www.sba.gov) and click on the Local Assistance tab.*

# COUNSELING

Getting Help to Start, Market and Manage Your Business

COUNSELING



throughout the country, SCORE provides key services both face-to-face and online to busy entrepreneurs who are just getting started or in need of an experienced business professional as a sounding board for their existing business. SCORE can help you as they have done for more than 10 million entrepreneurs and small business owners by matching your specific needs with a business mentor, traveling to your place of business for an on-site evaluation, and teaming with several SCORE mentors to provide you with tailored assistance in a number of business areas.

- SCORE mentors understand the needs and challenges of managing successful businesses because they've experienced them too. Most have owned and operated their own businesses or served in management positions for our nation's top companies.
- SCORE chapters provide business workshops and seminars on topics customized to the needs of the local business community. In all communities, SCORE offices advocate the need for business planning and offer an introduction to the fundamentals of a business plan.
- For established businesses, SCORE offers in-depth training on topics such as customer service, hiring practices, using the Internet for business, marketing, home-based business operations and many other issues.

Since 1997, SCORE has offered a leading online business resource for entrepreneurs – [www.score.org](http://www.score.org). This site is a comprehensive small business resource that includes SCORE's 24/7 email mentoring service. Entrepreneurs can use email mentoring available at [www.score.org/mentors](http://www.score.org/mentors) to search a database of hundreds of SCORE online

**E**very year, the U.S. Small Business Administration and its nationwide network of resource partners help millions of potential and existing small business owners start, grow and succeed.

Whether your target market is global or local, the SBA and its resource partners can help at every stage of turning your entrepreneurial dream into a thriving business.

If you're just starting out, the SBA and its resources can help you with business and financing plans. If you're already in business, you can use the SBA's resources to help manage and expand your business, obtain government contracts, recover from disaster, find foreign markets for your produce or services, and make your voice heard in the federal government.

You can access SBA information at [www.sba.gov](http://www.sba.gov) or visit one of our local offices for assistance.

## SBA'S RESOURCE PARTNERS

In addition to our district offices, which serve every state and territory, the SBA works with a variety of local resource partners to meet your small business needs: SCORE chapters, Small Business Development Centers (SBDCs), and Women's Business Centers (WBCs). This partner network reaches into communities across America: More than 13,000 business counselors, mentors and trainers

are available through over 320 SCORE chapters, 900 Small Business Development Centers, and 110 Women's Business Centers. These professionals can help with writing a formal business plan, locating sources of financial assistance, managing and expanding your business, finding opportunities to sell your goods or services to the government, and recovering from disaster. To find your local district office or SBA resource partner, visit [www.sba.gov/tools/local-assistance](http://www.sba.gov/tools/local-assistance).

## SCORE

SCORE is a national network of more than 11,000 entrepreneurs, business leaders and executives who volunteer as mentors to America's small businesses. SCORE leverages decades of experience from seasoned business professionals to help small businesses start, grow companies and create jobs in local communities. SCORE does this by harnessing the passion and knowledge of individuals who have owned and managed their own businesses and want to share this "real world" expertise with you. With more than 320 offices

## ON THE UPSIDE

*It's true, there are a lot of reasons not to start your own business. But for the right person, the advantages of business ownership far outweigh the risks.*

- You get to be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- Earnings and growth potential are unlimited.
- Running a business will provide endless variety, challenge and opportunities to learn.

mentors with a combined knowledge of more than 600 business backgrounds.

For information on SCORE and to get your own business mentor, visit [www.sba.gov/score](http://www.sba.gov/score), go to [www.score.org](http://www.score.org) or call 1-800-634-0245 for the SCORE office nearest you.

## SMALL BUSINESS DEVELOPMENT CENTERS

The U.S. Small Business Administration's Small Business Development Centers (SBDC) mission is to build, sustain, and grow small businesses; promote small business development; and enhance local economies by creating businesses and fulfilling its mission of creating jobs.

The SBDCs are vital to SBA's entrepreneurial outreach and have been providing service to small businesses for over 35 years. It is one of the largest professional small business management and technical assistance networks in the nation. With over 900 locations across the country, SBDCs offer existing and future entrepreneurs free one-on-one expert business counseling and low-cost training by qualified small business professionals.

In addition to its core business development services, the SBDCs offer special focus areas such as disaster recovery and preparedness, technology transfer and commercialization, regulatory compliance, and accessing unique resources for women, minority, and veteran business owners and entrepreneurs. SBDCs have also increased their capacity to help U.S. entrepreneurs enter global markets through export readiness assessment, training, regulatory compliance and a broad range of international trade assistance for new and existing exporters.

The program combines a unique combination of federal, state and private sector resources to provide, in every state and territory, the foundation for the economic growth of small businesses. In FY2015 they:

- Assisted more than 12,000 entrepreneurs to start new businesses – equating to nearly 32 new business starts per day.
- Provided counseling services and training services to over 549,000 clients.
- Raised more than 4.68 billion in capital infusion.

The efficacy of the SBDC program has been validated by a nationwide

evaluation study. Of the clients surveyed, more than 80 percent reported that the business assistance they received from the SBDC counselor was worthwhile. The top five impacts of counseling cited by SBDC clients were revising marketing strategy, increasing sales, expanding products and services, improving cash flow and increasing profit margin. More than 40 percent of long-term clients who received five hours or more of counseling reported an increase in sales and profit margins.

For information on the SBDC program, visit [www.sba.gov/sbdc](http://www.sba.gov/sbdc).

### NORTHWEST TEXAS SMALL BUSINESS DEVELOPMENT CENTER OFFICES:

#### West Texas A&M SBDC

Gina Woodward  
701 S. Taylor, Ste. 118  
Amarillo, TX 79101  
806-372-5151  
[gina@wtsbdc.com](mailto:gina@wtsbdc.com)  
[www.smallbusinessdevelopmentcenter.com](http://www.smallbusinessdevelopmentcenter.com)

#### Texas Tech University SBDC @ Lubbock

Adrien Bennings  
2579 S. Loop 289  
Lubbock, TX 79423  
806-745-1637  
[a.bennings@ttusbdc.org](mailto:a.bennings@ttusbdc.org)  
[www.ttusbdc.org/lubbock/](http://www.ttusbdc.org/lubbock/)

#### Midwestern State University SBDC

Vanda Wright  
3410 Taft Blvd.  
Wichita Falls, TX 76308  
940-397-4373  
[vanda.wright@mwsu.edu](mailto:vanda.wright@mwsu.edu)  
[www.msusbdc.org](http://www.msusbdc.org)

#### Texas Tech University SBDC @ Abilene

Judy Wilhelm  
749 Gateway, Ste. 301, Bldg. C  
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[www.ttusbdc.org/abilene/](http://www.ttusbdc.org/abilene/)

#### Tarleton State University SBDC

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#### University of Texas Permian Basin SBDC

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[sbdc@utpb.edu](mailto:sbdc@utpb.edu)  
[www.utpbsbdc.org](http://www.utpbsbdc.org)

## U.S. Export Assistance Centers

SBA trade finance specialists are co-located in 19 U.S. Export Assistance Centers throughout the U.S., with U.S. Department of Commerce and, in some locations, Export-Import Bank of the U.S. personnel. This multiple agency collaboration provided trade promotion and export-finance assistance in a single location. The USEACs also work closely with other federal, state and local international trade organizations to provide assistance to small businesses. To find your nearest USEAC, visit: <http://www.sba.gov/content/us-export-assistance-centers>. You can find additional export training and counseling by contacting your local SBA district office.

#### Alale Allal

Regional Manager, International Trade Finance  
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## WOMEN'S BUSINESS CENTERS

The SBA's Women Business Center (WBC) program is a network of over 100 community-based centers that provide business training, counseling, coaching, mentoring and other assistance geared toward women, particularly those who are socially and economically disadvantaged. WBCs are located in nearly every state and U.S. territory including the District of Columbia and the territories of Puerto Rico and American Samoa. They are partially funded through a cooperative agreement with the SBA.

To meet the needs of women entrepreneurs, WBCs offer services at convenient times and locations, including evenings and weekends. WBCs are located within non-profit host organizations that offer a wide variety of services in addition to the services provided by the WBC. Many of the WBCs also offer training and counseling and provide materials in different languages in order to meet the diverse needs of the communities they serve.

WBCs often deliver their services through long-term training or group counseling, both of which have shown to be effective. WBC training courses are often free or are offered for a small fee. Some centers will also offer scholarships based on the client's needs.

A number of WBCs also provide courses and counseling via the Internet, and in mobile classrooms and satellite locations. In fiscal year 2015, the WBC program counseled and trained over 140,000 clients, creating local economic growth and vitality. The WBCs helped entrepreneurs access more than \$87 million dollars in capital. Based on a 2010 Impact Study, of the WBC clients that have received three or more hours of counseling, 15 percent indicated that the services led to hiring new staff, 34 percent indicated that the services led to an increased profit margin, and 47 percent indicated that the services led to an increase in sales.

In addition, the WBC program has taken a lead in preparing women business owners to apply for the Women-Owned Small Business (WOSB) Federal Contract program that authorizes contracting officers to set aside certain federal contracts for eligible women-owned small businesses or economically disadvantaged women-owned small businesses. For more information on the program, visit [www.sba.gov/wosb](http://www.sba.gov/wosb).

To find the nearest SBA WBC, visit [www.sba.gov/women](http://www.sba.gov/women).

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### SBA EMERGING LEADERS

The intense seven-month entrepreneurship training for identified SBA Emerging Leaders creates a learning environment to accelerate the growth of high-potential small businesses, stimulates job creation and helps drive economic development within their communities. A competitive selection process results in company executives participating in high-level training and peer-networking sessions led by professional instructors. Graduates are poised to create an economic ripple effect because they are now equipped with the support, resources and enhanced business skills necessary to succeed.

#### Impact of Emerging Leaders:

The initiative is currently offered in 51 underserved communities across the country.

To date 3,000 businesses have participated and nearly 2,700 Emerging Leaders have graduated since its inception. A study of Emerging Leaders past participants reported that:

- Nearly 70% obtained revenue growth
- Over 80% created new jobs or retained all
- Participants secured federal, state, local and tribal contracts awards over \$1 Billion
- 95% were satisfied with the Emerging Leaders program

Visit [www.sba.gov/emergingleaders](http://www.sba.gov/emergingleaders) for more information.

### SBA'S LEARNING CENTER

SBA's Learning Center is a virtual campus complete with free online courses, workshops, podcasts and learning tools.

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### Key Features of the SBA's Learning Center:

- Training is available anytime and anywhere — all you need is a computer (or mobile device) with Internet access.
- Nearly 50 free online and interactive courses are available.
- Checklists and worksheets to get your business planning underway.
- Course topics include how to write a business plan, financing options that include SBA lending programs, mastering overseas markets through exporting, public

sector procurement tactics, and specialty material for veterans, young entrepreneurs, and women business owners.

- Over ten new courses launched in the last year; including a new Spanish-language version of a course for Young Entrepreneurs.

Visit [www.sba.gov/learning](http://www.sba.gov/learning) for these free resources.

## SBA'S CLUSTER INITIATIVE

The SBA is investing in regional innovation clusters throughout the US that span a variety of industries, ranging from energy and manufacturing to advanced defense technologies. Clusters are geographic concentrations of interconnected companies, specialized suppliers, academic institutions, service providers and associated organizations with a specific industry focus. They provide high-value, targeted connecting of small and large businesses, including networking with potential industry partners abroad.

The Regional Innovation Clusters serve a diverse group of sectors and geographies. Three of the initial pilot clusters, termed Advanced Defense Technology clusters, are specifically focused on meeting the needs of the defense industry. The Wood Products Cluster, debuted in 2015, supports the White House's Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative for coal communities. All of the clusters support small businesses by fostering a synergistic network of small and large businesses, university researchers, regional economic organizations, stakeholders, and investors, while providing matchmaking, business training, counseling, mentoring, and other services to help small businesses expand and grow.

Throughout the initiative, SBA has asked a third-party evaluator to examine SBA's Regional Innovation Clusters in detail, including their various stakeholder participants and the services and activities provided by the clusters, with a focus on small business participants. Some highlights from the Year 3 report, released in July 2014, include the following:

- 80% of participants agree that cluster activities led to increases in collaborative activity within their region;
- Cluster administrators provided more than 13,000 hours of one-on-one assistance to more than 460 small businesses, with recipient small businesses receiving an average of nearly 29 hours each.
- The value of economic activity in the third year of the program totaled more than \$3.9 Billion
- Employment in cluster-associated small businesses grew an average of 6.9%, more than 4 times faster than the regional benchmark.
- Revenues in cluster-associated small businesses increased an average of 6.9%, nearly twice as fast as comparable firms

For more information on SBA's Cluster Initiative, go to [www.sba.gov/clusters](http://www.sba.gov/clusters).

## SBA'S SCALEUP AMERICA INITIATIVE

The SBA's new ScaleUp America Initiative is designed to help small firms with high potential to "scale up" and grow their businesses so that they will provide more jobs and

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have a greater economic impact, both locally and nationally. The SBA has structured this community-focused initiative with local entrepreneurial ecosystems in mind: a key emphasis of the program is building and strengthening entrepreneurial networks within a particular community, so that firms can grow by leveraging and complimenting the existing resources and expertise in their areas.

The ScaleUp initiative functions by supporting communities' efforts to deliver cohort-based intensive assistance to established high-potential small businesses and entrepreneurs that are primed for growth beyond the start-up or early stages. The initiative provides funds to organizing entities in local communities to do the following:

- deliver a proven entrepreneurship education curriculum for growth-oriented entrepreneurs and small businesses; provide on-going one-on-one support,
- provide mentoring and technical assistance;
- facilitate connections to growth capital; and
- identify opportunities to build and strengthen connections and networks in their community.

Since launching this initiative, the SBA has awarded funding support to a geographically and organizationally diverse group of fifteen ScaleUp communities.

For more information on SBA's ScaleUp America Initiative, go to [www.sba.gov/scaleup](http://www.sba.gov/scaleup)

## FINANCIAL LITERACY

If you want to start a business or learn how to better manage your business money, consider Money Smart for Small Business. Money Smart for Small Business provides a practical introduction to the everyday tasks of starting and managing a business. Developed jointly by the Federal Deposit Insurance Corporation (FDIC) and the U.S. Small Business Administration (SBA), this instructor-led curriculum consists of 13 modules. Each module includes a fully scripted instructor guide, participant workbook, and PowerPoint slides. These resources enable an organization to offer Money Smart for Small Business classes right away. The modules provide the most essential information on running a small business from a financial standpoint. In addition to grounding participants in the basics, the curriculum serves as a foundation for more advanced training and technical assistance. You can find this curriculum by visiting [www.sba.gov/moneysmart](http://www.sba.gov/moneysmart).

To learn more about the Financial Literacy and Education Commission, visit [www.mymoney.gov](http://www.mymoney.gov).

## REACHING UNDERSERVED COMMUNITIES

The SBA also offers a number of programs specifically designed to meet the needs of underserved communities.

### ENCORE ENTREPRENEURS

With their range of life experiences and their tendency to have more disposable income, entrepreneurs age 50 and older are one of the fastest growing groups of business owners. To help meet the needs of "encore entrepreneurs," SBA and AARP have joined forces to mentor, counsel, and educate Americans age 50 and over on how to start or grow a small business. Through this partnership, SBA and AARP collaborate to connect

the 50+ population to small business development resources, including online courses, webinars, live workshops, conferences, and mentoring activities.

For additional information, visit [www.sba.gov/encore](http://www.sba.gov/encore).

### BUSINESS SMART TOOLKIT

SBA's Office of Entrepreneurial Development in partnership with the National Association of Government Guaranteed Lenders (NAGGL) developed the Business Smart Toolkit. The toolkit is a ready-to-use workshop that lays the groundwork for helping new and aspiring entrepreneurs launch a business idea and understand the

steps to building a business that is credit ready. The Business Smart Toolkit was designed to provide resources for underserved communities.

The information is laid out simply in three modules. The three modules focus on: 1) Basics of Business startup; 2) Essentials of becoming credit-ready; and 3) How and where to find additional small business support and educational resources. The toolkit is designed for local community organizations whose constituents are interested in starting a business but do not know where to begin. The curriculum will allow the local organization to provide their constituents with enough basic

# REACHING UNDERSERVED COMMUNITIES

knowledge to get them on the right track in starting and connecting them to local resources—along with providing further support along their entrepreneurial journey. The toolkit and instructor guide are written at a level so that a community volunteer can feel comfortable presenting the information. The Business Smart Toolkit is free and readily-downloadable at [www.SBA.gov/BusinessSmart](http://www.SBA.gov/BusinessSmart).

## FAITH-BASED AND COMMUNITY INITIATIVES

SBA's Center for Faith-Based and Community Initiatives works to engage and build strong partnerships with community and nonprofit organizations, both secular and faith-based, to support entrepreneurship, economic growth and promote prosperity for all Americans. The Center works in coordination with other offices within the Agency to formulate policies and practices that extend the reach and impact of SBA programs into local communities. SBA recognizes the important role community leaders and networks have in economic development at the local and national level. Further, the Center plays a key role in helping identify, engage and impact underserved communities. For additional information, visit [www.sba.gov/faith-based](http://www.sba.gov/faith-based).

## LGBT BUSINESS OUTREACH INITIATIVE

The SBA's groundbreaking outreach to the Lesbian, Gay, Bisexual and Transgendered (LGBT) community is for the first time bringing SBA resources directly to LGBT business owners. Recognizing the unique challenges faced by the nation's 1.4 million LGBT-owned businesses, the SBA has partnered with several national business advocacy organizations, including the National Gay and Lesbian Chamber of Commerce, to increase the use of SBA programs by LGBT owned businesses.

The SBA is the nation's leading advocate and champion for all entrepreneurs and is deeply committed to helping LGBT-owned small businesses launch, innovate, hire and grow. Across the country, our resource partners are providing LGBT entrepreneurs with game-changing business advice. For more information on LGBT business development, go to [www.sba.gov/LGBT](http://www.sba.gov/LGBT) or e-mail: [lgbt@sba.gov](mailto:lgbt@sba.gov).

## NATIVE AMERICAN BUSINESS DEVELOPMENT

The SBA Office of Native American Affairs (ONAA) ensures that American Indians, Alaska Natives and Native Hawaiians seeking to create, develop and expand small businesses have full access to the business development and expansion tools available through the Agency's entrepreneurial development, lending, and contracting programs.

The office provides a network of training initiatives that include a Native Entrepreneurial Empowerment Workshop, a Native American 8(a) Business Development Workshop, a Money Smart Workshop, an Incubator Workshop and the online tool, "Small Business Primer: Strategies for Growth." ONAA also is responsible for consulting with tribal governments prior to finalizing SBA policies that may have tribal implications. Visit [www.sba.gov/naa](http://www.sba.gov/naa) for more information.

## WOMEN BUSINESS OWNERS

Women entrepreneurs are changing the face of America's economy. In the 1970s, women owned less than 5 percent of the nation's businesses.

Today, they are majority owners of about a third of the nation's small businesses and are at least equal owners of about half of all small businesses. SBA serves women entrepreneurs nationwide through its various programs and services, some of which are designed especially for women.

The SBA's Office of Women's Business Ownership (OWBO) serves as an advocate for women-owned businesses. The office oversees a nationwide network over 100 Women's Business Centers that provide business training, counseling and mentoring geared specifically to women, especially those who are socially and economically disadvantaged. The program is a public-private partnership with locally-based nonprofits.

Women's Business Centers serve a wide variety of geographic areas, population densities, and economic environments, including urban, suburban, and rural. Each Women's Business Center tailors its services to the needs of its individual community, but all offer a variety of innovative programs, often including courses in different languages. They provide training in finance, management, and marketing, as well as access to all of the SBA's financial and procurement assistance programs.

In addition to the women's business centers, the Office of Women's Business Ownership works with other offices within SBA to monitor how women are



utilizing SBA programs such as our loan programs, investment programs and contracting opportunities. OWBO also establishes partnerships with many women's business organizations to help ensure that more women have access to the services provided by SBA and its partners.

Through a strategic alliance with Thunderbird School of Global Management, SBA is pleased to provide access to the DreamBuilder online training curriculum in both English and Spanish. This curriculum is currently being used by over 30 women's business centers. It is available at no cost to entrepreneurs at <https://www.dreambuilder.org/sba>

For the second year, the Office of Women's Business Ownership has held the InnovateHer competition. The InnovateHER Challenge provides an opportunity for entrepreneurs to showcase products and services that: have a measurable impact on the lives of women and families, have the potential for commercialization, and fill a need in the marketplace. SBA's InnovateHER: Innovating for Women Business Summit on March 17, 2016 in Washington, D.C. will bring together creative ideas to support women's efforts to push the limits, break the glass ceiling and create long-term, positive changes in gender equality.

## YOUNG ENTREPRENEURS

The SBA recognizes the importance of fostering young entrepreneurs and small business owners and their role in the economy. The SBA offers different activities and resources throughout the year aimed at aspiring young entrepreneurs, including social media outreach and customized online courses available at [www.sba.gov/learning](http://www.sba.gov/learning). For additional information, visit [www.sba.gov/young](http://www.sba.gov/young).

SBA also administers two contracting and business development programs that are specifically designed to benefit underserved communities. For more information on the 8(a) Business Development Program and the HUBZone Program, see the Contracting section.

# SERVING THOSE WHO SERVED OUR COUNTRY

COUNSELING

Each year SBA serves over 200,000 veterans, service disabled veterans and military spouses across the United States and at military installations around the globe. SBA provides training and mentorship, access to capital, preparation for opportunities in federal procurement, cultivating connections within commercial supply chains and disaster relief assistance.

SBA's Office of Veterans Business Development (OVBD) offers a number of programs and services to support aspiring and existing veteran entrepreneurs and military spouses of all eras, women veterans, and service disabled veterans. These programs, Boots to Business, Boots to Business: Reboot, Veteran Women Igniting the Spirit of Entrepreneurship (VWISE), and Entrepreneurship Bootcamp for Veterans with Disabilities (EBV), offer cutting edge, experiential training in entrepreneurship and small business management. These programs were developed to introduce transitioning service members, veterans, and military spouses, to entrepreneurship, exploring self-employment opportunities, and turning an idea into a growth venture. In addition, these programs also help to connect participants to SBA's local network of resource partners and establish a support structure for graduates.

For more information on any of SBA's program for veterans, please visit [www.sba.gov/veterans](http://www.sba.gov/veterans).

## BOOTS TO BUSINESS AND BOOTS TO BUSINESS: REBOOT

Boots to Business is an entrepreneurial education and training program offered by the U.S. Small Business Administration (SBA) as a training track within the Department of Defense's Transition Assistance Program (TAP). The curriculum provides valuable assistance to transitioning Service members exploring business ownership or other self-employment opportunities by leading them through the key steps for evaluating business concepts and providing the foundational knowledge required to develop a business plan. In addition, participants are introduced to SBA resources available to help access start-up capital and additional technical assistance.

Boots to Business Reboot is a two-step entrepreneurship training program offered by the U.S. Small Business

Administration through a public private partnership with the Institute of Veterans and Military Families, the Marcus Foundation and First Data Corporation. This course is open to Veterans of all eras (Servicemembers, including members of the National Guard and Reserves) and their spouses. The curriculum provides assistance to those interested in exploring business ownership or other self-employment opportunities by leading them through the key steps for evaluating business concepts and providing foundational knowledge required to develop a business plan. In addition, participants are introduced to SBA resources available to access start-up capital, technical assistance and contracting opportunities.

## VETERAN WOMEN IGNITING THE SPIRIT OF ENTREPRENEURSHIP (V-WISE)

Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) is a three-phase program, V-WISE is offered three times per year across the nation, to approximately 200 participants per session. The program includes a growth track for women veterans and women military spouses already in business as well as start-up training for new entrepreneurs.

## ENTREPRENEURSHIP BOOTCAMP FOR VETERANS WITH DISABILITIES

The EBV National Program is a novel, one-of-a-kind initiative designed to leverage the skills, resources and infrastructure of higher education to offer cutting-edge, experiential training in entrepreneurship and small business management to post-9/11 veterans with service-connected disabilities and a passion for entrepreneurship as well as military family members who serve in a caregiver role to a veteran with a service-connected disability. The aim of the program is to open the door to economic opportunity for our veterans and their families by developing their competencies in creating and sustaining an entrepreneurial

## VETERANS BUSINESS OUTREACH CENTERS (VBOCS)

The Veterans Business Outreach Center Program is designed to provide entrepreneurial development services such as business training, counseling

and mentoring, and referrals for eligible veterans owning or considering starting a small business. The SBA has 14 organizations participating in this cooperative agreement and serving as Veterans Business Outreach Centers (VBOC).

Veterans Institute for Procurement (VIP) - VIP is designed for veteran owned businesses to increase their ability to win government contracts by establishing best business practices. The training is available to established veteran business owners through a cooperative agreement between SBA, the Montgomery County Chamber of Commerce, the State of Maryland, and private sponsors. VIP includes an accelerator-like in-residence educational training program consisting of a three-day comprehensive certification course instructed by professional service experts, government officials, and agency representatives. Since the program launched in 2009, VIP has graduated 546 veteran-owned businesses from 37 states, Washington D.C., and Guam.

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## CONTINUITY OF OPERATIONS DURING DEPLOYMENT

SBA also connects veterans and military spouses to lenders that offer loan programs providing fee relief for eligible veterans and military spouses and offers special low-interest-rate financing to small businesses when an owner or essential employee is called to active duty. SBA's Veterans Advantage program provides fee relief for eligible veterans and military spouses and survivors. The Military Reservist Economic Injury Disaster Loan Program (MREIDL) provides loans up to \$2 million to eligible small businesses to cover operating costs that cannot be met due to the loss of an essential employee called to active duty in the Reserves or National Guard.

Most new business owners who succeed have planned for every phase of their success. Thomas Edison, the great American inventor, once said, "Genius is 1 percent inspiration and 99 percent perspiration." That same philosophy also applies to starting a business.

First, you'll need to generate a little bit of perspiration deciding whether you're the right type of person to start your own business.

## IS ENTREPRENEURSHIP FOR YOU?

There is simply no way to eliminate all the risks associated with starting a small business, but you can improve your chances of success with good planning, preparation and insight. Start by evaluating your strengths and weaknesses as a potential owner and manager of a small business. Carefully consider each of the following questions:

- **Are you a self-starter?** It will be entirely up to you to develop projects, organize your time, and follow through on details.
- **How well do you get along with different personalities?** Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers, employees and professionals such as lawyers, accountants, or consultants. Can you deal with a demanding client, an unreliable vendor, or a cranky receptionist if your business interests demand it?
- **How good are you at making decisions?** Small business owners are required to make decisions constantly – often quickly, independently, and under pressure.
- **Do you have the physical and emotional stamina to run a business?** Business ownership can be exciting, but it's also a lot of work. Can you face six or seven 12-hour workdays every week?
- **How well do you plan and organize?** Research indicates that poor planning is responsible for most business failures. Good organization — of financials, inventory, schedules, and production — can help you avoid many pitfalls.
- **Is your drive strong enough?** Running a business can wear you down emotionally. Some business owners burn out quickly

from having to carry all the responsibility for the success of their business on their own shoulders. Strong motivation will help you survive slowdowns and periods of burnout.

- **How will the business affect your family?** The first few years of business start-up can be hard on family life. It's important for family members to know what to expect and for you to be able to trust that they will support you during this time. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk.

Once you've answered these questions, you should consider what type of business you want to start. Businesses can include franchises, at-home businesses, online businesses, brick-and-mortar stores or any combination of those.

## FRANCHISING

There are more than 3,000 business franchises. The challenge is to decide on one that both interests you and is a good investment. Many franchising experts suggest that you comparison shop by looking at multiple franchise opportunities before deciding on the one that's right for you.

Some of the things you should look at when evaluating a franchise: historical profitability, effective financial management and other controls, a good image, integrity and commitment, and a successful industry.

In the simplest form of franchising, while you own the business, its operation is governed by the terms of the franchise agreement. For many, this is the chief benefit for franchising. You are able to capitalize on a business format, trade name, trademark and/or support system provided by the franchisor. But you operate as an independent contractor with the ability to make a profit or sustain a loss commensurate with your ownership.

If you are concerned about starting an independent business venture, then franchising may be an option for you. Remember that hard work, dedication and sacrifice are key elements in the success of any business venture, including a franchise.

Visit [www.sba.gov/franchise](http://www.sba.gov/franchise) for more information.

## HOME-BASED BUSINESSES

Going to work used to mean traveling from home to a plant, store or office. Today, many people do some or all their work at home.

### Getting Started

Before diving headfirst into a home-based business, you must know why you are doing it. To succeed, your business must be based on something greater than a desire to be your own boss. You must plan and make improvements and adjustments along the road.

Working under the same roof where your family lives may not prove to be as easy as it seems. One suggestion is to set up a separate office in your home to create a professional environment.

### Ask yourself these questions:

- Can I switch from home responsibilities to business work easily?
- Do I have the self-discipline to maintain schedules while at home?
- Can I deal with the isolation of working from home?

### Legal Requirements

A home-based business is subject to many of the same laws and regulations affecting other businesses.

### Some general areas include:

- **Zoning regulations.** If your business operates in violation of them, you could be fined or shut down.
- **Product restrictions.** Certain products cannot be produced in the home. Most states outlaw home production of fireworks, drugs, poisons, explosives, sanitary or medical products and toys. Some states also prohibit home-based businesses from making food, drink or clothing.

Be sure to consult an attorney and your local and state departments of labor and health to find out which laws and regulations will affect your business. Additionally, check on registration and accounting requirements needed to open your home-based business. You may need a work certificate or license from the state. Your business name may need to be registered with the state. A separate business telephone and bank account are good business practices.

Also remember, if you have employees you are responsible for withholding income and Social-Security taxes, and for complying with minimum wage and employee health and safety laws.

After you've thought about what type of business you want, the next step is to develop a business plan. Think of the business plan as a roadmap with milestones for the business. It begins as a pre-assessment tool to determine profitability and market share, and then expands as an in-business assessment tool to determine success, obtain financing and determine repayment ability, among other factors.

Creating a comprehensive business plan can be a long process, and you need good advice. The SBA and its resource partners, including Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers, and SCORE, have the expertise to help you craft a winning business plan. The SBA also offers online templates and a course to get you started.

**In general, a good business plan contains:**

### Introduction

- Give a detailed description of the business and its goals.
- Discuss ownership of the business and its legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over competitors.



### Marketing

- Discuss the products and services your company will offer.
- Identify customer demand for your products and services.
- Identify your market, its size and locations.
- Explain how your products and services will be advertised and marketed.
- Explain your pricing strategy.

### Financial Management

- Develop an expected return on investment and monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two-year period.

- Discuss your break-even point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide "what if" statements addressing alternative approaches to potential problems.

### Operations

- Explain how the business will be managed day-to-day.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements.
- Account for the equipment necessary to produce your goods or services.
- Account for production and delivery of products and services.

### Concluding Statement

Summarize your business goals and objectives and express your commitment to the success of your business. Once you have completed your business plan, review it with a friend or business associate and professional business counselor like SCORE, WBC or SBDC representatives, SBA district office economic development specialists or veterans' business development specialists.

Remember, the business plan is a flexible document that should change as your business grows.



# CAPITAL

## Financing Options to Start or Grow Your Business



**M**any entrepreneurs need financial resources to start or expand a small business and must combine what they have with other sources of financing. These sources can include family and friends, venture-capital financing and business loans.

This section of the Small Business Resource guide discusses SBA's primary business loan and equity financing programs. These are: the 7(a) Loan Program, the Certified Development Company or 504 Loan Program, the Microloan Program and the Small Business Investment Company Program. The distinguishing features for these programs are the total dollar amounts that can be borrowed, the type of lenders who can provide these loans, the uses for the loan proceeds and the terms placed on the borrower. The SBA does not provide grants to individual business owners to start or grow a business.

### SBA BUSINESS LOANS

If you are contemplating a business loan, familiarize yourself with the SBA's business loan programs to see if there may be a viable option. The SBA has a variety of loan programs which are distinguished by their different uses of the loan proceeds, their dollar amounts, and the requirements placed on the actual lenders. The three principal players in most of these programs are

the applicant small business, the lender and the SBA. *(The Agency does not actually provide the loan, but rather they guaranty a portion of the loan provided by a lender (except for microloans)).* The lender can be a regulated bank or credit union, or a community based lending organization.

For help locating a lender in your area, SBA has an online tool called LINC that matches small businesses with participating SBA lenders. LINC begins with a simple online form that requests basic information about your business and financing needs. That information is transmitted to all participating SBA lenders operating within your county. If a lender is interested, you will receive an email with the contact information for that lender. LINC can be accessed through SBA's website at <https://www.sba.gov/tools/linc>.

Submitting an inquiry through LINC does not constitute a loan application but is instead a valuable tool to identify SBA lenders within your community. Once you have identified those lenders, you will apply directly to the lenders by providing them the documents they require. Generally an application includes a business plan that explains what resources will be needed to accomplish the desired business purpose including the associated costs, the applicants' contribution, planned uses for the loan proceeds, a listing

of the assets that will secure the loan (collateral), a history of the business and explanation of how the business generates income, and most important, an explanation of how the business will be able to repay the loan in a timely manner.

The lender will analyze the application to see if it meets their criteria and make a determination if they will need an SBA guaranty in order to provide the loan. SBA will look to the lender to do much, if not all, of the analysis before it provides its guaranty to the lender's proposed loan. The SBA's business loan guaranty programs provide a key source of financing for viable small businesses that have real potential but cannot qualify for credit on reasonable terms by themselves.

If no lenders respond to your inquiry through LINC or if you are unable to secure financing from the lenders that you have contacted, please contact your local SBA District Office for additional resources.

### 7(a) LOAN PROGRAM

The 7(a) Loan program is the SBA's primary business loan program. It is the agency's most frequently used non-disaster financial assistance program because of its flexibility in loan structure, variety of uses for the loan proceeds and availability. The program has broad eligibility requirements and credit criteria to accommodate a wide range of financing needs.

Congress authorized SBA to provide financial assistance either directly or in cooperation with banks or other financial institutions through agreements to participate in section 7(a) of the Small Business Act. Historically, a 7(a) loan was provided either directly from SBA or from regulated lenders who provided the loan after they obtained a guaranty from SBA. Since 1996, all 7(a) loans have only been provided on a guaranteed basis, meaning from a lender participating in the 7(a) Loan Guaranty Program.

The business loans that SBA guarantees do not come from the Agency, but rather from banks and other approved lenders. The loans are funded by these organizations and they

make the decision to approve or deny the applicant's loan request.

The guaranty that SBA provides the lender reduces the lender's risk of borrower non-payment because the guaranty assures the lender that if the borrower defaults, the lender can request that SBA pay the debt rather than the borrower. SBA only guarantees a portion or percentage of every loan, so in the event of default the lender will only get partially repaid by SBA. However the borrower is still obligated for the full loan amount.

To qualify for an SBA guaranteed loan, a small business must meet the lender's criteria and the 7(a) program requirements. One of those requirements is that the lender must certify that it would not provide this loan under the proposed terms and conditions without an SBA guaranty. If the SBA is going to provide a lender with a guaranty, the applicant must be eligible and creditworthy and the loan structured under conditions acceptable to the SBA.

The 7(a) Program includes ten (10) types of loans which all share certain eligibility requirements but which also have some different requirements so they can accommodate specific business needs and/or give lenders greater flexibility with loan structure. The most popular 7(a) loan type is the Basic 7(a) Loan, which can be used for the most diverse purposes. The other nine 7(a) loan types are variations of the Basic 7(a) Loan with different uses for the loan proceeds and alternative structures.

The applicant business must:

1. Be an operating business (except for loans to Eligible Passive Companies);
2. Be organized for profit;
3. Be located in the United States;
4. Be able to demonstrate a need for the desired credit.
5. Be a business, along with its Affiliates, that meets SBA's Size Standard Requirements.
6. Be a business that is not engaged in a prohibited business activity or owned by a non-qualified owner, or located at a prohibited place.
7. Only use the Loan Proceeds for only acceptable purposes, which includes proceeds to start-up a new business, buy an existing business, acquire machinery & equipment and/or furniture & fixtures, acquire or renovate a building which the business will occupy, permanent working capital, and refinancing existing business debt

under certain conditions. Proceeds from a Basic 7(a) cannot be used to buy investments that are held for their potential appreciation, or to be provided to an associate of the business except under very limited circumstances.

8. Be able to demonstrate that it can't get the proceeds from its own resources or those of its principal owners and the lender must certify that they would only approve the loan if it is able to obtain a guaranty from SBA.
9. Have ownership that is of Good Character
10. Be able to satisfy any Miscellaneous Eligibility Requirements that may be imposed on a loan request based on the circumstances of the case including, but not limited to the purpose of the loan.

## THE BASIC 7(a) LOAN

The Basic 7(a) Loan is the most commonly provided type of SBA business loan based on historical dollars approved. They are the most flexible types of SBA loans because they can help finance such a large variety of business purposes for the largest number of business types, engaged in the widest spectrum of activities.

In the Federal Government's 2013 Fiscal Year (October 1, 2012 to September 30, 2013) about 80 percent of the dollars and 38 percent of the number of all 7(a) loans were Basic 7(a) Loans. The reciprocal percentages were divided between the nine other 7(a) Programs.

The Basic 7(a) Loan is a term loan usually repaid with one monthly payment of principal and interest. Interest only repayment periods are permitted when needed, such as for a start-up business that doesn't achieve breakeven in its initial months of operation. Other repayment structures are also permitted depending upon the borrower's needs and the flexibility of the lender.

A Basic 7(a) Loan does not revolve so the sum of the disbursements is the loan amount. SBA can guaranty revolving lines of credit, but that is accomplished through some of the nine variations to the Basic 7(a) Loan.

The following aspects of the Basic 7(a) Loan are also applicable to all other 7(a) Loan unless specifically referenced as not applying to a specific Special 7(a) Loan.

## Percentage of Guarantees and Loan Maximums

SBA only guarantees a portion of any particular 7(a) loan so each loan will have an SBA share and an unguaranteed portion which gives the lender a certain amount of exposure and risk on each loan. The percentage of guaranty depends on either the dollar amount or the program the lender uses to obtain its guaranty. For loans of \$150,000 or less the SBA generally guarantees as much as 85 percent and for loans over \$150,000 the SBA generally provides a guaranty of up to 75 percent.

The maximum dollar amount of a single 7(a) loan is \$5 million and there is no minimum. The maximum dollar amount of the SBA share which can be provided to any one business (including affiliates) is \$3,750,000.

## Interest Rates

The actual interest rate for a 7(a) loan guaranteed by the SBA is negotiated between the applicant and lender but is subject to the SBA maximums. Both fixed and variable interest rate structures are available. The maximum rate comprises two parts, a base rate and an allowable spread. There are three acceptable base rates (Wall Street Journal Prime\*, London Interbank One Month Prime plus 3 percent, and an SBA Peg Rate). Lenders are allowed to add an additional spread to the base rate to arrive at the final rate. For loans with maturities of less than seven years, the maximum spread will be no more than 2.25 percent. For loans with maturities of seven years or more, the maximum spread will be 2.75 percent. The spread on loans under \$50,000 and loans processed through Express procedures have higher maximums.

Most 7(a) term loans are repaid with monthly payments of principal and interest. For fixed-rate loans the payments stay the same because the interest rate is constant. For variable rate loans the lender can change the payment amount when the interest rates change. Applicants can request that the lender establish the loan with interest-only payments during the start-up and expansion phases (when eligible) to allow the business time to generate income before it starts making full loan payments.

## What to Take to the Lender

Documentation requirements will vary depending upon the purpose of the loan. Contact your lender for the information you must supply.

### Common requirements include the following:

A Business Plan that includes:

- Purpose of the loan
- History of the business
- Projections of income, expenses and cash flow as well as an explanation of the assumptions used to develop these projections
- Personal financial statements on the principal owners
- Resume(s) of the principal owners and managers.
- Amount of investment in the business by the owner(s)
- Projected opening-day balance sheet (new businesses)
- Lease details
- Proposed Collateral

Three Years of Financial Statements that include:

- Balance Sheet and Income Statement (P&L) for three years (existing businesses) (Tax Returns usually suffice)
- Interim Financial Statements dated within 180 days of the request for assistance
- Schedule of term debts (existing businesses)
- Aging of accounts receivable and payable (existing businesses), plus
- Interim Financial Statements dated within 180 days of the request for assistance

### How the 7(a) Program Works

Small Business applicant assembles their request for financing based on the intended purpose of the proposed loan and what documents the lender requires. A loan to help a moving company acquire a new truck will be less involved than a loan to acquire or start-up a business. The paperwork can be completed on either a business loan application provided by the lender or an SBA application, but using the SBA forms does not actually increase the change an applicant has in getting a business loan. The applicant then submits their loan application to a lender for the initial review. If the applicant is applying for their first business loan, it is recommended that the selected lender be the one who maintains the personal account of the owner(s).

The lender will generally review the credit merits of the request before deciding if they will make the loan themselves or if they will need an SBA

guaranty. If a guaranty is needed, the lender will also review the application for SBA eligibility. The applicant should be prepared to complete some additional documents if the lender says they need an SBA guaranty for approval. Applicants who feel they need more help with the process should contact their local SBA district office or one of the SBA's resource partners for assistance.

There are several ways a lender can request a 7(a) Guaranty for a proposed business loan from SBA. The main differences between these processing methods are based on the experience the lender has in requesting guarantees from SBA, the documentation the lender provides to SBA, the amount of review the SBA conducts after receiving the request, the amount of the loan and the lender responsibilities in case the loan defaults and the business' assets must be liquidated. The current different processing methods are:

- Standard 7(a) Guaranty
- Certified Lender Program
- Preferred Lender Program
- SBA Express
- Export Express
- Community Advantage

When a lender requests a 7(a) guaranty for a business loan they propose to provide a small business their application consist of two parts. The applicant fills out SBA Form 1919 while the lender completes SBA Form 1920. The Form 1919 is designed for the applicant to explain what they intend to do with the money and how they will repay the loan. The Form 1920 requires the lender to explain their analysis of the eligibility and credit merits of the request.

When the request loan amount is smaller (generally under \$350,000) the lender is allowed to provide SBA with less information in their application for guaranty but that does not mean the applicant business can provide the lender with less information. The lender has the ability to ask the applicant for as much detail as they believe is necessary for them to make their decision on the specific request.

When the SBA receives a request for guaranty from a lender they will either re-analyze, review or trust the lender's eligibility and credit analysis before deciding to approve or reject the request. See the section on 7(a) Loan Processing from Lenders later on in this article for more detail on what SBA does when it receives a request for guaranty from the lender.

By guaranteeing a loan, the SBA assures the lender that, in the event the borrower does not repay the loan, the government will reimburse the lending institution for a percentage of the amount owed. By providing this guaranty, the SBA is able to help tens of thousands of small businesses every year get financing they might not otherwise obtain.

When SBA approves a guaranty they notify the lender who will work with the applicant to make sure the terms and conditions designed for the specific loan are met before closing. The lender also disburses the funds and assumes responsibility for collecting the payments and general servicing. The borrower makes loan payments directly to the lender. As with any loan, the borrower is obligated to repay the full amount of the loan in a timely manner.

### What the SBA Looks for:

- Ability to repay the loan on time from the projected operating cash flow;
- Owners and operators who are of good character;
- Feasible business plan;
- Management expertise and commitment necessary for success;
- Sufficient funds, including (but not limited to) the SBA guaranteed loan, to operate the business on a sound financial basis (for new businesses, this includes the resources to meet start-up expenses and the initial operating phase);
- Adequate equity invested in the business; and
- Enough collateral to fully secure the loan or, all worthwhile available business collateral plus personal real estate if the loan cannot be fully secured.

### The Impact of a Credit Score

SBA also credit scores every business that is a potential recipient of a loan guaranteed by SBA. If the loan is for \$350,000 or less, the credit score obtained will have a significant impact on the amount of work the lender has to complete when applying for an SBA guaranty. As such it is important for any owner of a business to be aware of their credit score and correct any discrepancies prior to approaching their lender.

## Guaranty and Other Fees

Loans guaranteed by the SBA are assessed a guaranty fee. This fee is based on the loan's maturity and the dollar amount guaranteed, not the total dollar amount of the loan. The guaranty fee is initially paid by the lender and then passed on to the borrower at closing. The funds the business needs to reimburse the lender can be included in the overall loan proceeds.

On any loan with a maturity of one year or less, the fee is just 0.25 percent of the guaranteed portion of the loan. On loans with maturities of more than one year, the normal guaranty fee is:

- 2.0 percent of the SBA guaranteed portion on loans up to \$150,000; \*\*
  - 3.0 percent on loans over \$150,000 but not more than \$700,000; and
  - 3.5 percent on loans over \$700,000.
- There is also an additional fee of 0.25 percent on any guaranteed portion over \$1 million.

*\* All references to the prime rate refer to the base rate in effect on the first business day of the month the loan application is received by the SBA.*

*\*\* For all SBA-guaranteed loans of \$150,000 or less that are approved between October 1, 2015 and September 30, 2016, the guaranty fee will be 0%.*

### Benefit For Veterans and/or

**Spouses:** Any guaranteed loans approved to businesses owned by Veterans of any era or their Spouses during fiscal year 2016 (October 1, 2015 through September 30, 2016) will receive the benefit of having its regular guaranty fee reduced by 50%, when the loan is over \$150,000.

If the loan being provided a business owner by qualifying veterans is for \$150,000 or less and the lender chooses to apply for its guaranty of that loan by using Express processing procedures (described elsewhere in this article) then the guaranty fee will be zero as long as the guaranty is approved before September 30, 2016.

The lender may not charge a prepayment penalty if the loan is paid off before maturity but the SBA will charge the borrower a prepayment fee if the loan has a maturity of 15 or more years and is pre-paid during the first three years.

## 7(a) Loan Maturities

The SBA's loan programs are generally intended to encourage longer term small-business financing, but actual loan maturities are based on the ability to repay, the purpose of the

loan proceeds and the useful life of the assets financed. Maturity generally ranges from 7 to 10 years for working capital, business start-ups, and business acquisition type loans, and up to 25 years if the purpose is to acquire real estate or fixed assets with a long term useful life.

## Collateral

The SBA expects every 7(a) loan to be secured first with the assets acquired with the loan proceeds and then with additional business and personal assets, depending upon the loan amount and the way the lender requests their guaranty. However, SBA will not decline a request to guaranty a loan if the only unfavorable factor is insufficient collateral, provided all available collateral is offered. When the lender says they will need an SBA guaranty, the applicant should be prepared for liens to be placed against all business assets. Personal guaranties are required from all the principal owners of the business. Liens on personal assets of the principals may also be required. SBA does not require any collateral for any 7(a) guaranteed loan for \$25,000 or less but the lender can require collateral if they chose.

## Loan Structure

The structure of a Basic 7(a) Loan is that repayment has to be set up so the loan is paid in full by maturity. Over the term of the loan there can be additional payments or payment relaxation depending on what is happening with the business. Balloon payments and call provisions are not allowed on any 7(a) term loan.

## Eligibility

7(a) loan eligibility is based on a number of different factors, ranging from Size and Nature of Business to Use of Proceeds and factors that are case specific.

## Size Eligibility

The first eligibility factor is size, as all loan recipients must be classified as "small" by the SBA. The size standards for all 7(a) loans are outlined below. A more in-depth listing of standards can be found at: [www.sba.gov/size](http://www.sba.gov/size).

### SBA Size Standards have the following general ranges:

- Manufacturing — from 500 to 1,500 employees
- Wholesale Trades — Up to 100 employees

- Services — \$2 million to \$35.5 million in average annual receipts
- Retail Trades — \$7 million to \$35.5 million in average annual receipts
- Construction — \$7 million to \$33.5 million in average annual receipts
- Agriculture, Forestry, Fishing, and Hunting — \$750,000 to \$17.5 million in average annual receipts

There is an alternate size standard for businesses that do not qualify under their industry size standards for SBA funding. That Alternative is that the applicant business (plus affiliates can't have a tangible net worth exceeding \$15 million and average net income exceeding \$5 million for the last two years. This new alternate makes more businesses eligible for SBA loans and applies to SBA non-disaster loan programs, namely its 7(a) Business Loans and Certified Development Company programs.

## Nature of Business

The second eligibility factor is based on the nature of the business and the process by which it generates income or the customers it serves. The SBA has general prohibitions against providing financial assistance to businesses involved in such activities as lending, speculating, passive investment, pyramid sales, loan packaging, presenting live performances of a prurient nature, businesses involved in gambling and any illegal activity.

The SBA also cannot make loan guaranties to non-profit businesses, private clubs that limit membership on a basis other than capacity, businesses that promote a religion, businesses owned by individuals incarcerated or on probation or parole, municipalities, and situations where the business or its owners previously failed to repay a federal loan or federally assisted financing, or are delinquent on existing federal debt.

## Use of Proceeds

The third eligibility factor is Use of Proceeds. A Basic 7(a) Loan can provide proceeds to purchase machinery, equipment, fixtures, supplies, and to make improvements to land and/or buildings that will be occupied by the subject applicant business.

### Proceeds can also be used to:

- Permanent Working Capital;
- Purchase Inventory;
- Expand or renovate facilities;
- Acquire machinery, equipment, furniture, fixtures and leasehold improvements;
- Acquire a business;

- Start a business;
- Acquire Land and Build a Location for the applicant business; and
- Refinance existing debt under certain conditions.

#### **SBA 7(a) loan proceeds cannot be used:**

- For the purpose of making investments.
- To provide funds to any of the owners of the business except for ordinary compensation for actual services provided.
- For Floor Plan Financing
- For a purpose that does not benefit the business

#### **Miscellaneous Factors**

The fourth factor involves a variety of requirements such as SBA's credit elsewhere test where the personal resources of the owners need to be checked to see if they can make a contribution before getting a loan guaranteed by the SBA. It also includes the SBA's anti-discrimination rules and limitations on lending to agricultural enterprises because there are other agencies of the Federal government with programs to fund such businesses.

Generally, SBA loans must meet the following criteria:

- Every loan must be for a sound business purpose;
- There must be sufficient invested equity in the business so it can operate on a sound financial basis;
- There must be a potential for long-term success;
- The owners must be of good character and reputation; and
- All loans must be so sound as to reasonably assure repayment.

For more information, go to [www.sba.gov/apply](http://www.sba.gov/apply).

## **SPECIAL PURPOSE 7(a) LOAN PROGRAMS**

The 7(a) loan program is the most flexible of the SBA's lending programs. Over time, the Agency has developed several variations of the Basic 7(a) Loan in order to address specific financing needs for particular types of small businesses or to give the lender greater flexibility with the loan's structure. The general distinguishing feature between these loan types is their use of proceeds. These programs allow the proceeds to be used in ways that are not otherwise permitted in a basic 7(a) loan. These special purpose programs are not necessarily for all businesses but may be very useful to some small

businesses. They are generally governed by the same rules, regulations, fees, interest rates, etc., as the basic 7(a) loan. Lenders can advise you of any variations. The Special Purpose Loans include:

#### **International Trade Loan Program**

The SBA's International Trade Loan (ITL) is designed to help small businesses enter and expand into international markets or, when adversely affected by import competition, to make the investments necessary to better compete. The ITL offers a combination of fixed asset, working capital financing and debt refinancing with the SBA's maximum guaranty--90 percent--on the total loan amount. The maximum loan amount is \$5 million.

#### **Guaranty Coverage**

The SBA can guaranty up to 90 percent of an ITL up to a maximum of \$4.5 million, less the amount of the guaranteed portion of other SBA loans outstanding to the borrower. The maximum guaranty for any working capital component of an ITL is limited to \$4 million. Any other working capital SBA loans that the borrower has are counted against the \$4 million guaranty limit.

#### **Use of Proceeds**

- For the facilities and equipment portion of the loan, proceeds may be used to acquire, construct, renovate, modernize, improve or expand facilities or equipment in the U.S. to produce goods or services involved in international trade, including expansion due to bringing production back from overseas if the borrower exports to at least one market.
- Working capital is an allowable use of proceeds under the ITL.
- Proceeds may be used for the refinancing of debt not structured on reasonable terms and conditions, including any debt that qualifies for refinancing under the standard SBA 7(a) Loan Program.

#### **Loan Term**

- Maturities on the working capital portion of the ITL are typically limited to 10 years.
- Maturities of up to 10 years on equipment unless the useful life exceeds 10 years.
- Maturities of up to 25 years are available for real estate.
- Loans with a mixed use of fixed-

asset and working-capital financing will have a blended-average maturity.

#### **Exporter Eligibility**

- Applicants must meet the same eligibility requirements as for the SBA's standard 7(a) Loan Program.
- Applicants must also establish that the loan will allow the business to expand or develop an export market or demonstrate that the business has been adversely affected by import competition and that the ITL will allow the business to improve its competitive position.

#### **Foreign Buyer Eligibility**

Foreign buyers must be located in those countries where the Export-Import Bank of the U.S. is not prohibited from providing financial assistance.

#### **Collateral Requirements**

- Only collateral located in the U.S. (including its territories and possessions) is acceptable.
- First lien on property or equipment financed by the ITL or on other assets of the business is required. However, an ITL can be secured by a second lien position if the SBA determines there is adequate assurance of loan repayment.
- Additional collateral, including personal guaranties and those assets not financed with ITL proceeds, may be appropriate. A small business wanting to qualify as adversely impacted from import competition must submit supporting documentation that explains the impact, and a plan with projections that explains how the loan will improve the business' competitive position.

#### **Export Working Capital Program**

The SBA's Export Working Capital Program (EWCP) assists businesses exporters in meeting their short-term export working capital needs. Exporters can use the proceeds to make the products they will be exporting. They can also apply for such lines of credit prior to finalizing an export sale or contract. With an approved EWCP loan in place, exporters have greater flexibility in negotiating export payment terms—secure in the assurance that adequate financing will be in place when the export order is won.

## Benefits of the EWCP

- Financing for suppliers, inventory or production of export goods.
- Export working capital during long payment cycles.
- Financing for stand-by letters of credit used as bid or performance bonds or advance payment guarantees.
- Reserves domestic working capital for the company's sales within the U.S.
- Permits increased global competitiveness by allowing the exporter to extend more liberal sales terms.
- Increases sales prospects in under-developed markets which may have high capital costs for importers.
- Low fees and quick processing times.

## Guaranty Coverage

- Maximum loan amount is \$5,000,000.
- 90 percent of principal and accrued interest up to 120 days.
- Low guaranty fee of one-quarter of one percent of the guaranteed portion for loans with maturities of 12 months or less.
- Loan maturities are generally for 12 months or less, but can be up to a maximum of 36 months.

## Use of Proceeds

- To pay for the manufacturing costs of goods for export.
- To purchase goods or services for export.
- To support standby letters of credit to act as bid or performance bonds.
- To finance foreign accounts receivable.

## Interest Rates

The SBA does not establish or subsidize interest rates on loans. The interest rate can be fixed or variable and is negotiated between the borrower and the participating lender.

## Advance Rates

- Up to 90 percent on purchase orders.
- Up to 90 percent on documentary letters of credit.
- Up to 85 (90 percent on insured) foreign accounts receivable.
- Up to 75 percent on eligible foreign inventory located within the U.S.
- In all cases, not to exceed the exporter's costs.

## Collateral Requirements

The export-related inventory and the receivables generated by the export sales financed with EWCP funds generally will be considered adequate collateral. The SBA requires the personal guarantee of owners with 20 percent or more ownership.

## How to apply

Application is made directly to SBA-participating lenders. Businesses are encouraged to contact SBA staff at their local U.S. Export Assistance Center (USEAC) to discuss whether they are eligible for the EWCP and whether it is the appropriate tool to meet their export financing needs. Participating lenders review/approve the application and submit the guaranty request to SBA staff at the local USEAC.

## CAPLines

The CAPLines Program is designed to help small businesses meet their short-term and cyclical working capital needs. The programs can be used to finance seasonal working capital needs; finance the direct costs of performing certain construction, service and supply contracts, subcontracts, or purchase orders; finance the direct cost associated with commercial and residential construction; or provide general working capital lines of credit. The maturity can be for up to 10 years except for the Builders Capline which is limited to 36 months after the first structure is completed. Guaranty percentages are the same as for a Basic 7(a) Loan. There are four distinct short term loan programs under the CAPLine umbrella:

- **The Contract Loan Program** is used to finance the cost associated with contracts, subcontracts, or purchase orders. Proceeds can be disbursed before the work begins. If used for one contract or subcontract, it is generally not revolving; if used for more than one contract or subcontract at a time, it can be revolving. The loan maturity is usually based on the length of the contract, but no more than 10 years. Contract payments are generally sent directly to the lender but alternative structures are available.
- **The Seasonal Line of Credit Program** is used to support buildup of inventory, accounts receivable or labor and materials above normal usage for seasonal inventory. The business must have been in business for a period of 12 months and must have a definite established seasonal pattern. The

loan may be used over again after a "clean-up" period of 30 days to finance activity for a new season. These loans also may have a maturity of up to five years. The business may not have another seasonal line of credit outstanding but may have other lines for non-seasonal working capital needs.

- **The Builders Line Program** provides financing for small contractors or developers to construct or rehabilitate residential or commercial property. Loan maturity is generally three years but can be extended up to five years, if necessary, to facilitate sale of the property. Proceeds are used solely for direct expenses of acquisition, immediate construction and/or significant rehabilitation of the residential or commercial structures. The purchase of the land can be included if it does not exceed 20 percent of the loan proceeds. Up to 5 percent of the proceeds can be used for physical improvements that benefit the property.
- **The Working Capital Line Program** is a revolving line of credit (up to \$5,000,000) that provides short term working capital. These lines of credit are generally used by businesses that provide credit to their customers, or whose principle asset is inventory. Disbursements are generally based on the size of a borrower's accounts receivable and/or inventory. Repayment comes from the collection of accounts receivable or sale of inventory. The specific structure is negotiated with the lender. There may be extra servicing and monitoring of the collateral for which the lender can charge up to 2 percent annually to the borrower.

## Other Guaranty Lines of Credit

All the Special Purpose Programs listed above have SBA structured repayment terms meaning the Agency tells the lender how principal and interest is to be repaid. These programs also require the lender to use certain closing forms. Lenders with the ability to obtain 7(a) guarantees through any of the Express processes are considered experienced enough to be able to structure their own repayment terms and use their own closing documents. With this ability the lender can tailor a line of credit that it gets guaranteed by SBA to the needs of the business. Therefore, if a potential applicant sees that the previously listed Basic 7(a) or Special Purpose 7(a) Programs don't



meet their needs they should discuss their options with a lender capable of providing an SBA Express or Export Express loan with an SBA guaranty.

### **SBAExpress**

The SBAExpress Loan or Line of Credit is a flexible smaller loan up to \$350,000 that a designated lender can provide to its borrower using mostly their own forms, analysis and procedures to process, structure, service, and disburse this SBA-guaranteed loan. When structured as a term loan the proceeds and maturity are the same as a Basic 7(a) Loan. When structured as a revolving line of credit the requirements for the payment of interest and principal are at the discretion of the lender and maturity can't exceed 7 years.

### **Export Express**

SBA's Export Express loans offers flexibility and ease of use for both borrowers and lenders on loans up to \$500,000. It is the simplest export loan product offered by the SBA.

### **Use of Proceeds**

Loan proceeds may be used for business purposes that will enhance a company's export development. Export Express can take the form of a term loan or a revolving line of credit. As an example, proceeds can be used to fund participation in a foreign trade show, finance standby letters of credit, translate product literature for use in foreign markets, finance specific export orders, as well as to finance expansions, equipment purchases, and inventory or real estate acquisitions, etc.

### **Ineligible Use of Proceeds**

Proceeds may not be used to finance overseas operations other than those strictly associated with the marketing and/or distribution of products/services exported from the U.S.

### **Interest Rates**

Terms are negotiated between the borrower and lender but interest rates may not exceed Prime plus 4.5 percent on loans over \$50,000 and Prime plus 6.5 percent on loans of \$50,000 or less.

### **Exporter Eligibility**

Any business that has been in operation, although not necessarily in exporting, for at least 12 full months and can demonstrate that the loan proceeds will support its export activity is eligible for Export Express. The one year in business operations requirement can be waived if the applicant can demonstrate previous successful business experience and exporting expertise and the lender does conventional underwriting, not relying solely on credit scoring.

### **Foreign Buyer Eligibility**

The exporter's foreign buyer must be a creditworthy entity and not located in countries prohibited for financial support on the Export-Import Bank's Country Limitation Schedule and the methods of payment must be acceptable to the SBA and the SBA lender.

### **How to Apply**

Interested businesses should contact their existing lender to determine if they are an SBA Export Express lender. Application is made directly

to the lender. Lenders use their own application material in addition to SBA's Borrower Information Form. Lenders' approved requests are then submitted with a limited amount of eligibility information to SBA's National Loan Processing Center for review.

## **7(a) LOAN PROCESSES FOR LENDERS**

There are various ways a lender can apply to SBA for a 7(a) guaranty. Some are designed for experienced lenders who are fully committed to providing business loans guaranteed by SBA to their clientele that need them, while others are designed for lenders with limited experience or when there are certain issues that require SBA to thoroughly review the situation. The fundamental process available to all lenders who have signed up to participate with SBA is called the Standard Loan Guaranty Process. It is used by lenders to request a guaranty from SBA when they are new to SBA lending or the request requires an SBA review. Other methods of processing a request for guaranty have less requirements for SBA, so the time SBA take is less, but potentially more requirements or responsibilities for the lender. The determining factors on which one is use depends on the experience of the lender in dealing with SBA, the complexity of the case, the purpose of the loan, and the dollar amount being requested.

### **Standard 7(a) Loan Processing**

After the applicant business and lender complete their required documents, the lender makes application to SBA for a guaranty by submitting them to SBA's Loan Guaranty Processing Center. The center will screen the application and, if satisfactory complete a thorough review of both eligibility and creditworthiness before making the decision to approve the issuance of a guaranty as submitted, approve with modifications (which will be discussed with the lender), or reject the request. When the lender makes application to SBA, they have already internally agreed to approve the recommended loan to the applicant if, and only if, the SBA provides a guaranty.

Standard processing means a lender makes their request for guaranty using SBA Form 1920 and the applicant completes SBA Form 1919, even if the

applicant previously completed the lender's required application forms.

The analysis of eligibility starts with a review of the "Eligibility Questionnaire," completed by the lender. The analysis of credit starts with a review of the SBA Form 1920 and the lender's credit memo which must discuss at least six elements:

1. Balance sheet and ratio analysis;
2. Analysis of repayment. It is not acceptable to base repayment ability solely on the applicant's credit score.
3. Assessment of the management skills of the applicant;
4. Explanation of the collateral used to secure the loan and the adequacy of the proposed collateral;
5. Lender's credit history with applicant including an explanation of any weaknesses;
6. Current financial statements and pro-forma financial spread. SBA pro-forma analysis reflects how the business will look immediately following disbursement, not one year after disbursement.

SBA also expects that the lender's credit memo includes the intended use of the loan proceeds and any historical and current issues that require explanation. SBA also expects a discussion of the process by which the applicant business generates its income when it is not immediately obvious. An explanation of how the business conducts its operation is also expected.

SBA has three days to screen and 10 days to process the request for guaranty from the lender. Any additional time a lender takes to make their determination prior to requesting a guaranty from SBA will add to the length of time to reach a final decision. If the guaranty is approved, SBA will prepare a loan authorization outlining the terms and conditions under which the guaranty is provided and prepare an approval letter for transmission to the lender.

### Certified Processing

SBA has a Certified Lenders Program (CLP) which lenders with more experience and commitment to SBA lender can obtain which allows them to request a 7(a) guaranty through a process similar to the Standard process except the SBA will only review the lenders request rather than re-analyze.

### Preferred Processing

SBA has a Preferred Lenders Program (PLP) designed for lenders who have been delegated the authority

to make both the eligibility and credit decisions without a second look by SBA. This process is used by the most experienced lenders who have the most dedicated staffs ready to review requests for financial assistance from existing and potential customers in order to see if they need to become SBA guaranteed loans.

### SBAExpress Processing

The SBAExpress guaranty is available to lenders as a way to obtain a guaranty on smaller loans up to \$350,000. The program authorizes select, experienced lenders to use mostly their own forms, analysis and procedures to process, structure, service, and disburse SBA-guaranteed loans. The SBA guarantees up to 50 percent of an SBAExpress loan. Loans under \$25,000 do not require collateral. The use of proceeds for a term loan is the same as for any Basic 7(a) Loan. Like most 7(a) loans, maturities are usually five to seven years for working capital and up to 25 years for real estate or equipment. Revolving lines of credit are allowed for a maximum of seven years.

### Export Express Processing

SBA Export Express offers flexibility and ease of use for lenders. Participating lenders may use their own forms, procedures and analyses. The SBA provides the lender with an immediate response. This loan is subject to the same loan processing, closing, servicing and liquidation requirements as for other similar-sized SBA loans.

### Guaranty Coverage

The SBA provides lenders with a 90 percent guaranty on loans up to \$350,000 and a 75 percent guaranty on loans between \$350,001 and \$500,000.

### Community Advantage Loans

The **Community Advantage Pilot Program** is aimed at helping businesses located in underserved communities gain access to capital by opening up 7(a) lending to mission-focused, community-based lenders — such as Community Development Financial Institutions (CDFIs), Certified Development Companies (CDCs), and SBA Microloan Intermediaries. These lenders provide technical assistance and economic development support to businesses located in underserved markets.

The application process is the same as for a Basic 7(a) Loan. The main difference with this program from other SBA 7(a) loan programs is the lender

who ultimately provides the loan funds is not a traditional SBA lender. The maximum loan amount is \$350,000.

Visit: [www.sba.gov/content/community-advantage-loans](http://www.sba.gov/content/community-advantage-loans) for more information about this program.

## CERTIFIED DEVELOPMENT COMPANY LOAN PROGRAM (504 LOANS)

The 504 Loan program is an economic development program that supports American small business growth and helps communities through business expansion and job creation. The 504 loan program provides long-term, fixed-rate, subordinate mortgage financing for acquisition and/or renovation of capital assets including land, buildings and equipment. Some refinancing is also permitted. Most for-profit small businesses are eligible for this program. The types of businesses excluded from 7(a) loans (listed previously) are also excluded from the 504 loan program.

The SBA's 504 Certified Development Companies (CDC) serve their communities by financing business expansion needs. Their professional staff works directly with borrowers to tailor a financing package that meets program guidelines and the credit capacity of the borrower's business.

CDCs work with banks and other lenders to make loans in first position on reasonable terms, helping lenders retain growing customers and provide Community Reinvestment Act credit.

The SBA 504 loan is distinguished from the SBA 7(a) loan program in these ways:

#### **The maximum debenture, or long-term loan, is:**

- \$5 million for businesses that create a certain number of jobs or improve the local economy;
- \$5 million for businesses that meet a specific public policy goal, including loans for aiding rural development and expansion of small businesses owned by veterans, women, and minorities; and
- \$5.5 million for manufacturers and energy related public policy projects.

Recent additions to the program allow \$5.5 million for each project that reduces the borrower's energy consumption by at least 10 percent; and \$5.5 million for each project that generates renewable energy fuels, such as biodiesel or ethanol production. Projects eligible for up to \$5.5 million under one of these two requirements do not have to meet the job creation or

retention requirement, so long as the CDC portfolio reflects an average jobs to debenture portfolio ratio of at least 1 job per \$65,000.

- Eligible project costs are limited to long-term, fixed assets such as land and building (occupied by the borrower) and substantial machinery and equipment.
- Most borrowers are required to make an injection (borrower contribution) of just 10 percent which allows the business to conserve valuable operating capital. A further injection of 5 percent is needed if the business is a start-up or new (less than two years old), and a further injection of 5 percent is also required if the primary collateral will be a single-purpose building (such as a hotel).
- Two-tiered project financing: A lender finances approximately 50 percent of the project cost and receives a first lien on the project assets (but no SBA guaranty); A CDC (backed by a 100 percent SBA-guaranteed debenture) finances up to 40 percent of the project costs secured with a junior lien. The borrower provides the balance of the project costs.
- Fixed interest rate on SBA loan. The SBA guarantees the debenture 100 percent. Debentures are sold in pools monthly to private investors. This low, fixed rate is then passed on to the borrower and establishes the basis for the loan rate.

- All project-related costs can be financed, including acquisition (land and building, land and construction of building, renovations, machinery and equipment) and soft costs, such as title insurance and appraisals. Some closing costs may be financed.
- Collateral is typically a subordinate lien on the assets financed; allows other assets to be free of liens and available to secure other needed financing.
- Long-term real estate loans are up to 20-year term, heavy equipment 10- or 20-year term and are self-amortizing.

**Businesses that receive 504 loans are:**

- Small — net worth under \$15 million, net profit after taxes under \$5 million, or meet other SBA size standards.
- Organized for-profit.
- Most types of business — retail, service, wholesale or manufacturing.

For information, visit [www.sba.gov/504](http://www.sba.gov/504).

**Caprock Business Finance Corp., Inc.**

Cecily A. Miller, Director of Econ. Dev.  
1323 58th St./P.O. Box 3730  
Lubbock, TX 79452-3730  
806-762-8721 • 806-765-9544 Fax  
[caprock504.org](http://caprock504.org)

**Capital Certified Development Company—West Texas Office**

Jason Bigham, Lubbock Business Dev. Officer  
3408 88th St.  
Lubbock, TX 79423  
806-749-3600 • 866-596-9889 Fax  
[capitalcdc.com](http://capitalcdc.com)

**Council Finance, Inc.**

Tom Smith, Economic Development Coordinator  
3702 Loop 322  
Abilene, TX 79602  
325-518-4942 • 325-793-8488 Fax  
[dhutson@westcentraltexas.org](mailto:dhutson@westcentraltexas.org)  
[www.councilfinance.org](http://www.councilfinance.org)

**Texas Panhandle Regional Development Corporation**

Doug Nelson, Director of Econ. Development  
801 S. Filmore, Ste. 205  
Amarillo, TX 79101  
806-379-6411 • 806-371-0112 Fax  
[www.amarilloedc.com](http://www.amarilloedc.com)

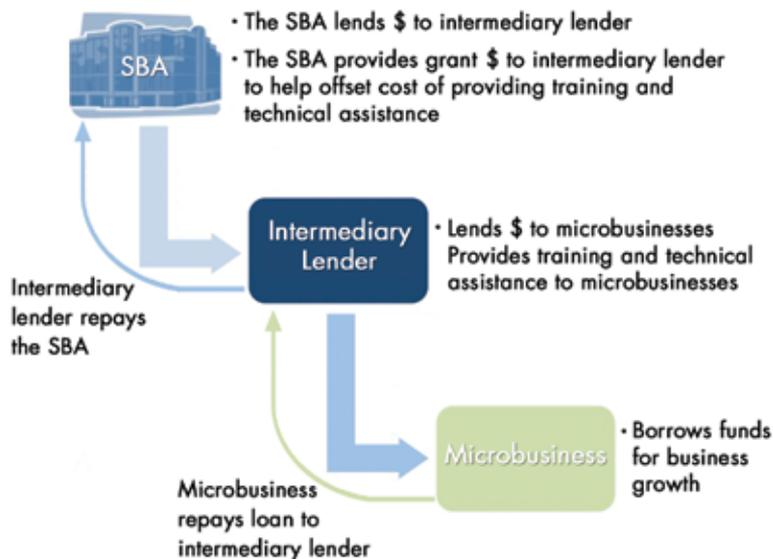
**MICROLOAN PROGRAM  
(LOANS UP TO \$50,000)**

The Microloan Program provides very small loans (up to \$50,000) to women, low-income, minority, veteran, and other small business owners through a network of more than 100 Intermediaries nationwide. Under this program, the SBA makes funds available to nonprofit intermediaries that, in turn, make the small loans directly to start-up and existing businesses. Entrepreneurs work directly with the Intermediaries to receive financing and business knowledge support. The proceeds of a microloan can be used for working capital, or the purchase of furniture, fixtures, supplies, materials, and/or equipment. Microloans may not be used for the purchase of real estate. Interest rates are negotiated between the borrower and the Intermediary. The maximum term for a microloan is six years. Because funds are borrowed from the Intermediary, SBA is not involved in the business loan application or approval process. And, payments are made directly from the small business to the Intermediary.

The program also provides business-based training and technical assistance to micro-borrowers and potential micro-borrowers to help them successfully start or grow their businesses. Such training and technical assistance may include general business education, assistance with business planning, industry-specific training, and other types of training support.

Entrepreneurs and small business owners interested in small amounts

**How the Microloan Program Works**



of business financing should contact the nearest SBA district office for information about the nearest Microloan Program Intermediary Lender or go to [www.sba.gov/microloans](http://www.sba.gov/microloans).

## STATE TRADE AND EXPORT PROMOTION (STEP) PROGRAM

The State Trade and Export Promotion (STEP) Program is a pilot export initiative to make matching-fund awards to states to assist small businesses enter and succeed in the international marketplace. Activities to support small business exporting under the STEP Program are provided to eligible small business concerns (“STEP Clients”) located in states, territories, and the District of Columbia. For more information on the STEP program visit [www.sba.gov/internationaltrade](http://www.sba.gov/internationaltrade).

## SURETY BOND GUARANTEE PROGRAM

The Surety Bond Guarantee Program is a public-private partnership between the Federal government and surety companies to provide small businesses with the bonding assistance necessary for them to compete for public and private contracting and subcontracting opportunities. The guarantee provides an incentive for sureties to bond small businesses that would otherwise be unable to obtain bonding. The program is aimed at small businesses that lack the working capital or performance track record necessary to secure bonding on a reasonable basis through regular commercial channels.

Through this program, the SBA guarantees bid, payment, performance and ancillary bonds issued by surety companies for individual contracts and subcontracts up to \$6.5 million. The SBA reimburses sureties between 70 and 90 percent of losses sustained if a contractor defaults on the contract. On Federal contracts, SBA can guarantee bonds on contracts up to \$10 million, if guarantee would be in the best interest of the Government.

SBA has two program components, the Prior Approval Program and the Preferred Surety Bond Program. In the Prior Approval Program, the SBA guarantees 90 percent of surety’s paid losses and expenses on bonded contracts up to \$100,000, and on bonded contracts greater than \$100,000 that are awarded to socially and economically

disadvantaged concerns, HUBZone contractors, and veterans, and service-disabled veteran-owned small businesses. All other bonds guaranteed in the Prior Approval Program receive an 80 percent guarantee. Sureties must obtain the SBA’s prior approval for each bond guarantee issued. Under the Preferred Program, the SBA guarantees 70 percent, and sureties may issue, monitor and service bonds without the SBA’s prior approval.

Small businesses, surety companies, and bond agents are invited to visit our website at [www.sba.gov/osg](http://www.sba.gov/osg).

Participating agents and sureties may be found at [http://web.sba.gov/orasbgpub/dsp\\_welcome.cfm](http://web.sba.gov/orasbgpub/dsp_welcome.cfm).

The program office may be reached at 202-205-6540 or

### Tamara E. Murray

Underwriting Marketing Specialist  
Denver, CO  
303-927-3479

### Linda M. Laws

Underwriting Marketing Specialist  
Seattle, WA  
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## SMALL BUSINESS INVESTMENT COMPANY PROGRAM

The Small Business Investment Company (SBIC) program is a multi-billion dollar program founded in 1958, as one of many financial assistance programs available through the U.S. Small Business Administration. The structure of the program is unique in that SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. The funds raise private capital and can receive SBA-guaranteed leverage up to three times private capital, with a leverage ceiling of \$150 million per SBIC and \$225 million for two or more licenses under common control. Licensed SBICs are for-profit investment firms whose incentive is to share in the success of a small business. The U.S. Small Business Administration does not invest directly into small business through the SBIC Program, but provides funding through SBA guarantee debentures to qualified investment management firms with expertise in certain sectors or industries.

## THE SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Small Business Innovation Research (SBIR) program is a highly competitive program that encourages domestic small businesses to engage in Federal Research/Research and Development (R/R&D) that has the potential for commercialization. Through a competitive awards-based program, SBIR enables small businesses to explore their technological potential and provides the incentive to profit from its commercialization. By including qualified small businesses in the nation’s R&D arena, high-tech innovation is stimulated and the United States gains entrepreneurial spirit as it meets its specific research and development needs.

### SBIR Program Eligibility

Only United States small businesses are eligible to participate in the SBIR program. An SBIR awardee must meet the following criteria at the time of Phase I and II awards:

1. Organized for profit, with a place of business located in the United States;
2. No more than 500 employees, including affiliates;
3. Be a concern which is more than 50% directly owned and controlled by one or more individuals (who are citizens or permanent resident aliens of the United States), other small business concerns (each of which is more than 50% directly owned and controlled by individuals who are citizens or permanent resident aliens of the United States), or any combination of these;
4. Be a concern which is more than 50% owned by multiple venture capital operating companies, hedge funds, private equity firms, or any combination of these (for agencies electing to use the authority in 15 U.S.C. 638(dd)(1)); or
5. Be a joint venture in which each entity to the joint venture must meet the requirements set forth in paragraph (a)(1)(i) or (a)(1)(ii) of this section. A joint venture that includes one or more concerns that meet the requirements of paragraph (a)(1)(ii) of this section must comply with §121.705(b) concerning registration and proposal requirements.

6. No single venture capital operating company, hedge fund, or private equity firm may own more than 50% of the concern.
7. For awards from agencies using the authority under 15 U.S.C. 638(dd) (1), an awardee may be owned and controlled by more than one VC, hedge fund, or private equity firm so long as no one such firm owns a majority of the stock.
8. If an Employee Stock Ownership Plan owns all or part of the concern, each stock trustee and plan member is considered an owner.
9. If a trust owns all or part of the concern, each trustee and trust beneficiary is considered an owner.
10. Phase I awardees with multiple prior awards must meet the benchmark requirements for progress toward commercialization.

### SBIR-Participating Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed \$100 million are required to reserve 2.9% (FY 15) of the extramural research budget for SBIR awards to small businesses. These agencies designate R&D topics and accept proposals. Currently, eleven agencies participate in the SBIR program:

- Department of Agriculture
- Department of Commerce - National Institute of Standards and Technology
- Department of Commerce - National Oceanic and Atmospheric Administration
- Department of Defense
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Department of Homeland Security
- Department of Transportation
- Environmental Protection Agency
- National Aeronautics and Space Administration
- National Science Foundation

For additional information visit

[www.sbir.gov](http://www.sbir.gov).

## SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM

Small Business Technology Transfer (STTR) is another program that expands funding opportunities in the federal innovation research and development (R&D) arena. Central to the program is expansion of the public/



private sector partnership to include the joint venture opportunities for small businesses and nonprofit research institutions. The unique feature of the STTR program is the requirement for the small business to formally collaborate with a research institution in Phase I and Phase II. STTR's most important role is to bridge the gap between performance of basic science and commercialization of resulting innovations.

### STTR Program Eligibility

Only United States small businesses are eligible to participate in the STTR program. The small business must meet all of the following criteria at time of award:

- Organized for profit, with a place of business located in the United States;
- At least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States, and;
- No more than 500 employees, including affiliates.

The nonprofit research institution must also meet certain eligibility criteria:

- Located in the US
- Meet one of three definitions:
  - Nonprofit college or university
  - Domestic nonprofit research organization
  - Federally funded R&D center (FFRDC)

STTR differs from SBIR in three important aspects:

1. The SBC and its partnering institution are required to establish an intellectual property agreement detailing the allocation of intellectual property rights and rights to carry out follow-on research, development or commercialization activities.
2. STTR requires that the SBC perform at least 40% of the R&D and the single partnering research institution to perform at least 30% of the R&D.
3. Unlike the SBIR program, STTR does not require the Principal Investigator to be primarily employed by the SBC.

### STTR-Participating Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed \$1 billion are required to reserve 0.40% (FY 15) of the extramural research budget for STTR awards to small businesses. These agencies designate R&D topics and accept proposals. Currently, five agencies participate in the STTR program:

- Department of Defense
- Department of Energy
- Department of Health and Human Services
- National Aeronautics and Space Administration
- National Science Foundation

For additional information visit

[www.sbir.gov](http://www.sbir.gov).

# THE VALUE *of* HEALTHCARE

**Get your business check-up today!**



## **SBA.gov/healthcare**

- Learn what the Affordable Care Act (ACA) means for you and your small business, with information about key pieces of the law based upon the size of your business

## **Healthcare.gov**

- Learn more about the new small business health insurance marketplaces, find coverage options for your employees and enroll in either your state or federal marketplace

## **BusinessUSA.gov/healthcare**

- This new site includes a search tool to direct you to ACA resources based on a business's location, size and current insurance offerings

For more information, visit the above resources or contact your local SBA District Office.

# SBA ONLINE: WEB-BASED TOOLS FOR BUSINESS OWNERS

The old adage “time is money” is perhaps one of the most pertinent statements that you can apply to small business owners. Whether you’re starting a business or managing a growing one, entrepreneurs and business owners wear many hats and have many questions:

- What laws and regulations apply to my business?
- How do I start to write a business plan?
- Where can I get help with X, Y and Z?

Many of us invariably turn to our networks and the Internet to find answers. But how can you trust that the information you are getting is truly applicable to your business and, let’s face it, even accurate?

As part of its mission to help business owners start, succeed and grow, SBA, through the SBA.gov website has developed numerous online tools and guides to help small businesses get information and answers they need quickly and efficiently. For example, these **10 Steps to Starting a Business** and these **10 Steps to Hiring your First Employee** guides are essential reading. Then there are the **Licenses and Permits Search Tool** and the **Loans and Grants Search Tool**.

## **New Online Tools to Help Business Owners Plan, Manage and Grow**

The SBA has expanded its capacity and selection of tools and information that business owners need by developing a whole range of new online features! Check them out:

### **1. Find an SBA Lender through the Leveraging Information and Networks to access Capital (LINC) Tool**

The SBA extends financial assistance to for-profit small businesses through its lending partners, such as banks, certified development companies, and microloan intermediaries. For help locating a lending partner in your area, use SBA’s LINC tool that matches small businesses with SBA lenders. LINC begins with a simple online form that requests basic information about your business and financing needs. That information is transmitted to all participating SBA lenders operating within your county. If



a lender is interested, you will receive an email with the contact information for that lender. LINC can be accessed through SBA’s website at <https://www.sba.gov/tools/linc>.

### **2. Get to Know Your Market and Competition Better with the SizeUp Tool**

Want to know how your business stacks up against the competition? Where your potential competitors are located? Where the best places are to advertise your business? These are all critical inputs for your business plan and can also help back up any financing applications.

Now with the new SizeUp tool you can crunch millions of data points and get customizable reports and statistics about your business and its competition. Just enter your industry, city, state and other details. SizeUp then runs various reports and provides maps and data related to your competition, suppliers and customers. It also highlights potential advertising opportunities.

### **3. Build a Business Plan Tool**

Business planning can seem a daunting task, but it doesn’t have to be that way. To help you plan and steer your business, this new “Build a Business Plan” tool guides you through the process of creating a basic, downloadable business plan. The great thing about it is you can build a plan in smaller chunks of time, save your progress and return at your leisure.

To use the tool, simply log into SBA.gov and enter information into a template for each section of the business plan including, market

analysis, company description and financial projections. The tool is secure and confidential and will keep your plan on record for up to six months. You can also save, download or email the plan at any time.

### **4. Size Standards Tool - Find Out Fast if You Qualify for Government Contracts**

In order to be eligible to sell to the government and compete for small business “set-aside” contracts, business owners had to rummage through various rules and matrices to find out if their business is truly “small” according to SBA size standards. Now, with this new Size Standards Tool, you can follow three simple steps to cut through the guesswork and quickly find out if you qualify for government contracting opportunities. SBA also offers other resources including government contracting training courses, and guides to help you register as a contractor.

### **5. Events Calendar - Locate Business Training and Seminars**

SBA and its partners, including Small Business Development Centers, Women’s Business Centers, and SCORE, hold hundreds of small business training seminars and workshops across the country. Until now, there was no single repository for these events. Now, with SBA’s Events Calendar, you can quickly find and sign up for training. Enter a date range and/or zip code to locate events in your area. Results are filtered by topic such as “starting a business,” “managing a business,” “business planning,” and “financing a business.”



# Loan Programs for Businesses

*Ways borrowers can use the money*

(Information current as of 05/23/2016)

Program	Who Qualifies	Use of Proceeds	Maturity	Maximum Loan Amount	Structure	Benefits to Borrower
<b>Basic 7(a)</b>	For profit businesses that can meet SBA's size standards, nature of business, use of proceeds, credit elsewhere, and other miscellaneous eligibility factors.	Acquire land; purchase existing building; convert, expand or renovate buildings; construct new buildings; acquire and install fixed assets; acquire inventory; purchase supplies and raw materials; purchase a business, start a business, leasehold improvements, term working capital; and, under certain conditions, to refinance certain outstanding debts	Based on the use of proceeds and borrower's ability to repay. Not based on collateral. Maximum maturity: 10 years for working capital (seven years is common), 10 years for fixed assets, 25 years for real estate.	A Basic 7(a) can be for as much as \$5 million. SBA's limit to any one business is \$3.75 million so a business can have multiple loans guaranteed by SBA but the guaranteed portion combined cannot exceed \$3.75 million.	Term loans with one monthly payment of principal and interest (P&I). Borrower contribution required. Interest rate depends upon how lender applies for guaranty (see lender program chart). Cannot revolve, no balloon or call provisions.	Business can obtain financing not otherwise available, fixed maturity, available when collateral is limited. Can establish or re-affirm relationship with lender.
<b>International Trade Loan (ITL)</b>	Same as Basic 7(a), plus, business must be engaged or preparing to engage in exporting or be adversely affected by competition from imports.	Acquire, renovate, modernize facilities or equipment used in making products or services to be exported, plus, for permanent working capital or to refinance business debts currently on unreasonable terms.	Same as Basic 7(a).	Same as Basic 7(a), but when borrower has both international trade and working capital loans guaranteed by the SBA, the limit on the guaranty for all working capital to any one business is \$4 million.	Same as Basic 7(a).	Same as Basic 7(a). Plus, long-term financing export-related fixed assets and working capital to ensure the company becomes more competitive.
<b>Export Working Capital Loan (EWCP)</b>	Same as Basic 7(a). Plus, must be in business one year and engaged or preparing to engage in exporting. One-year in business requirement can be waived for principals with previous exporting and business expertise.	Short-term working capital to cover the costs of filling export orders, including ability to support an Export Stand-By Letter of Credit.	Can be up to a maximum of 36 months but generally 12 months or less.	Gross loan amount \$5.0 million with 90% guaranty. SBA maximum guaranteed portion is \$4.5 million.	Finance single or multiple transactions. Interest paid monthly, principal paid as payments from items shipped overseas are collected. Can be renewed annually. Extra servicing fees are allowed. Can be transactional or revolving asset-based line of credit.	Provides U.S. exporters with a line of credit that can be separated from domestic operations line of credit. Can be used to finance 100% of the cost of filling export orders.
<b>Seasonal CAPlines</b>	Same as Basic 7(a). Plus, in business for at least one year and can demonstrate seasonal financing needs.	To finance the seasonal increases of accounts receivable, inventory and labor.	10 years	Same as Basic 7(a).	Short-term financing for seasonal activities to be repaid at the end of the season when payment for the seasonal activity is made to business	Provides opportunity for seasonal businesses to get seasonal financing not otherwise available.
<b>Contract CAPlines</b>	Same as Basic 7(a). Plus, will perform on contract or purchase order for some third-party buyer.	To finance the cost of one or more specific contract, sub-contract, or purchase order, including overhead or general and administrative expenses, allocable to the specific contract(s).	10 years	Same as Basic 7(a).	Short-term financing for performance of approved contract, sub-contract, or purchase order to be repaid when payment for the activity is made to business. Can be revolving or not.	Provides opportunity for contractors and sub-contractors to get financing not otherwise available.
<b>Builders CAPlines</b>	Same as Basic 7(a). Plus, building/renovating residential or commercial structure for re-sale without knowing buyer at time of approval.	For the direct expenses related to the construction and/or "substantial" renovation costs of specific residential or commercial buildings for resale, including labor, supplies, materials, equipment rental, direct fees. The cost of land is potentially eligible.	Maximum of three years to disburse and build or renovate. Extension possible to accommodate sale.	Same as Basic 7(a).	Short-term financing to build or renovate home or building for sale to unknown third party. "Substantial" means rehabilitation expenses of more than one-third of the purchase price or fair market value at the time of application. Can be revolving or not.	Provides opportunity for residential and commercial builders to get financing not otherwise available.

CAPITAL

Program	Who Qualifies	Use of Proceeds	Maturity	Maximum Loan Amount	Structure	Benefits to Borrower
<b>Working Capital CAPLines</b>	Same as Basic 7(a). Borrower should sell on credit and/or have inventory needing immediate replacement after the sale.	For short-term working capital and operating needs, including to finance export sales. Proceeds must not be used to pay delinquent withholding taxes or similar trust funds (state sales taxes, etc.) or for floor planning.	10 years	Same as Basic 7(a).	Structured with requirements for payment of principal tied to the businesses collection of payments from their clientele	Provides opportunity for businesses that sell on credit to get revolving financing not otherwise available.
<b>SBA Express Lender Structured Loans or Lines of Credit</b>	Businesses needing a term loan or line of credit to conduct credit in the USA.	Term loan to support business operations including equipment and real estate. Working capital	If revolving, seven-year maximum, including term out period. Equipment, useful life; real estate, 25 years.	\$350,000	Structure is established by individual lender. Lender must have SBA Express designation	Has availability for a line of credit to help with short-term cash needs of the business.
<b>Export Express Lender Structured Loans or Lines of Credit</b>	Businesses needing a term loan or line of credit to support exporting activity.	Term loan to support business operations including equipment and real estate. Working capital, 70 percent of which is to be used to support exporting activities.	If revolving line of credit for working capital, seven-year maximum, including term out period. Equipment, useful life; real estate, 25 years.	\$500,000	Structure is established by individual lender. Lender must have Export Express designation	Has availability for a line of credit or loan to help with short-term cash needs of the business to support expanding export sales or to expand production for the sale of exported goods or services
<b>Non-7(a) Programs</b>						
<b>504 Loan Program</b>	For-profit businesses that can meet the SBA's size standards, nature of business, use of proceeds, credit elsewhere, and other miscellaneous factors.	Non-7(a) Programs For the acquisition of long-term fixed assets, equipment with a useful life of at least 10 years; refinance loan-term fixed asset debt under certain conditions; working capital under certain conditions; to reduce energy consumption; and to upgrade renewable energy resources.	Based on the use of proceeds. Twenty years for real estate. Ten years for machinery and equipment.	The SBA portion of the financing can generally be up to \$5.0 million but may be up to \$5.5 million for manufacturing businesses or energy saving public policy goals.	Loans packaged by Certified Development Companies (CDC) and designed to finance up to 40 percent of a "project" <sup>1</sup> secured with a 2nd position lien. Another loan from a third party lender financing up to 50 percent of the same project secured in 1st position, and borrower contribution of at least 10 percent. Extra contributions for special-purpose properties and new businesses.	Long-term Treasury fixed rates that are below market, low borrower contribution only 10 to 20 percent, full amortization with no call or balloon conditions.
<b>Microloan Program</b>	Same as Basic 7(a). Plus, nonprofit child-care businesses.	Similar to Basic 7(a). Plus, start-up nonprofit child-care businesses	Shortest term possible, not to exceed six years.	\$50,000 to the small business at any given time.	The SBA provides a loan to a nonprofit micro-lender called an "intermediary" who uses the proceeds to make microloans to small businesses. Technical assistance can also be provided.	Direct loan from nonprofit intermediary lender, fixed-rate financing, can be very small loan amounts, and technical assistance is available.

<sup>1</sup> "Project" is the purchase or lease, and/or improvement or renovation of long-term fixed assets by a small business, with 504 financing, for use in its business operations.

All SBA programs and services are extended to the public on a nondiscriminatory basis.



# Lender's Programs Chart

Ways lenders can request guarantees

(Information current as of 04/27/2016)

Program Processing	Which Lenders Qualify	Types of Loans that can be Guaranteed	Maximum Allowable Interest Rates	Eligibility Analysis	Credit Analysis	Maximum Loan Amount
<b>Standard Processing</b>	Lenders that have an executed participation agreement with the SBA. Export Working Capital requires additional 750-EX agreement.	Basic 7(a). International Trade, Export Working Capital, all CAPLines.	Base rate is <i>Wall Street Journal</i> prime, or LIBOR* one month rate plus 3 percent, or SBA Peg rate. <b>Plus</b> , an allowable spread from 2.25 to 2.75 percent based on term. Lender can add 2 percent if loan is \$25,000 or less, and 1 percent if loan is \$25,001 to \$50,000. Can be fixed or variable. No maximum set on Export Working Capital.	Lender completes eligibility questionnaire and SBA reviews eligibility during loan processing.	Lender to cover all aspects of prudent credit analysis with emphasis on applicant's ability to repay loan from operation. SBA conducts analysis of lender's analysis.	Maximum loan \$5 million. Loans up to \$150,000 guaranteed up to 85 percent; loans over \$150,000 guaranteed up to 75 percent. Business with multiple SBA loans may get some variations. Export Working Capital and International Trade Loans have 90% guaranty.
<b>Certified Lender Program (CLP) Processing</b>	Same as Standard 7(a). Plus, an executed CLP agreement.	Same as Standard 7(a) processing except no policy exceptions.	Same as Standard 7(a).	Same as Standard 7(a).	Same as Standard 7(a) except SBA reviews lender's analysis work, not a re-analysis.	Maximum loan \$5 million. Guaranty percentage same as Standard 7(a).
<b>Preferred Lender Program (PLP) Processing</b>	Same as Standard 7(a). Plus, an executed PLP agreement.	Same as Standard processing except restrictions on loans involving some types of debt refinancing.	Same as Standard 7(a).	Lender completes Eligibility Analysis.	Delegated to lender.	Maximum loan \$5 million. Guaranty percentage same as Standard 7(a).
<b>SBA Express Processing</b>	Same as Standard 7(a). Plus, an executed SBA Express agreement.	Basic 7(a) with restrictions on some types of debt refinancing. Plus, lender structured term and revolving loans.	If \$50,000 or less, cannot exceed prime + 6.5 percent. If over \$50,000, cannot exceed prime + 4.5 percent. Prime may be lender prime.	Lender completes SBA Form 1920 "Eligibility Information."	Delegated to lender.	Maximum loan \$350,000. Guaranty percentage 50 percent.
<b>Export Express Processing</b>	Same as Standard 7(a). Plus, an executed Export Express agreement.	Similar to SBA Express, but must meet export-related eligibility criteria and use of proceeds requirement.	If \$50,000 or less, cannot exceed prime + 6.5 percent. If over \$50,000, cannot exceed prime + 4.5 percent. Prime may be lender prime.	Lender completes SBA Form 1920 "Eligibility Information."	Delegated to lender.	Maximum loan \$500,000. Guaranty percentage range between 75 and 90 percent.
<b>Community Advantage</b>	Lenders that have an executed Community Advantage agreement.	Basic 7(a) except restrictions on some types of refinancing.	Prime + 6 percent.	Lenders complete SBA Form 1920 "Eligibility Information."	Similar to Standard 7(a) except credit factors to consider are more defined.	Maximum loan \$250,000. Guaranty percentage same as Standard 7(a).

\* London InterBank Offered Rate

All SBA programs and services are extended to the public on a nondiscriminatory basis.

CAPITAL

# CONTRACTING

## Applying for Government Contracts



The U.S. government is the largest single purchaser of goods and services in the world, buying everything from armored vehicles and cutting-edge scientific research, to paper clips and super computers. Every year, the federal government awards more than \$500 billion in contracts, and a significant share of those contracts are made specifically available for award to small businesses.

The Small Business Administration works with agencies to award at least 23 percent of all prime government contracts to small businesses, including specific statutory goals for small disadvantaged businesses (SDB) – 5%, businesses that are women-owned (WOSB) – 5% or service-disabled veteran-owned (SDVOSB) – 3%, and businesses that are located in historically underutilized business zones (HUBZone firms) – 3%.

The agency ensures that small businesses have access to long-lasting development opportunities, which means working with small businesses to help them to become and remain competitive, as well as encouraging federal agencies to award more contracts to small businesses. The SBA performs an advocacy function for small businesses through outreach programs,

matchmaking events, and online training opportunities. The agency works directly with individual Federal buying offices and large business government contractors to identify contracting opportunities for small businesses.

### HOW GOVERNMENT CONTRACTING WORKS

#### Sealed bidding vs. Negotiation

There are two primary competitive contracting methods the government uses to purchase goods and services, sealed bidding and negotiation. The first method, sealed bidding, involves the issuance of an invitation for bid (IFB) by a procuring agency. Under the sealed bidding method, a contract is awarded to the responsive and responsible bidder whose bid, conforms to the requirements of a solicitation (IFB) that will be most advantageous to the government, considering only price and the price-related factors included in the IFB. The second method, negotiation, involves issuing a request for proposal (RFP) or request for quotation (RFQ). The business with the best proposal in terms of technical content, best value, price and other factors generally is awarded the contract.

### Types of Contracts

Fixed-price contracts place the full responsibility for the costs and risk of loss on the contractor, and generally do not permit any adjustment on the basis of the contractor's costs during the performance of the contract. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon the contracting parties. This type of contract is used in all sealed bid and some negotiated procurements.

Cost reimbursement contracts provide for the payment of allowable costs incurred by the contractor plus a reasonable profit, to the extent stated in the contract. The contract establishes a ceiling price, above which a contractor may not exceed without the approval of the contracting officer. Cost reimbursement contracts are commonly used in research and development contracts.

Some contracts do not fit neatly into these two categories, such as time and material contracts (prices for hourly wages are established but the hours are estimated), and although rarely used, letter contracts, which authorizes a contractor to begin work on an urgent requirement before all terms and conditions are finalized.

## Small Business Set-Asides

A “set-aside” for small businesses reserves an acquisition exclusively for small business competition. This includes requirements competed among HUBZone Certified Small Businesses, SBA 8(a) Certified small businesses, Service-Disabled Veteran-Owned small businesses, and Economically Disadvantaged/Women-Owned small businesses in specific industries. Generally, set asides are appropriate, or in some cases required, if the contracting officer has a reasonable expectation of receiving two or more offers from responsible concerns and award can be made at fair market prices. Some programs also have authority for sole awards (awards with competition) depending on the circumstances.

There are two ways in which set-asides can be determined. First, if an acquisition of goods or services has an anticipated dollar value above \$3,500 (micropurchase threshold), but not exceeding \$150,000 (simplified acquisition threshold (SAT)), it is automatically reserved for small businesses. The acquisition will be set aside above the SAT only if the contracting officer determines there are two or more responsible small businesses that are competitive in terms of price, quality, and delivery, and an award can be made at a fair market price. Reasonable expectations of small business competition are based on market research including an evaluation of past acquisition history for an item or similar items. As part of market research, contracting officers may publish Sources Sought notices on the Federal Business Opportunities (FBO; [www.fbo.gov](http://www.fbo.gov)) website seeking firms for upcoming opportunities. Be sure to respond to these notices so you can be solicited for the requirements.

There are several exceptions and unique rules for specific kinds of small businesses and industries, so you should become familiar with the rules, which are contained in the Federal Acquisition Regulation (FAR). For small business set-asides for manufactured items, any business proposing to furnish a product that it did not manufacture must furnish the product of a small business manufacturer unless the SBA has granted either a waiver or exception to this requirement, referred to as the Non-manufacturer rule. In industries where the SBA finds that there are no small business manufacturers, it may issue a waiver to the non-manufacturer rule. Waivers permit small businesses dealers or distributors to provide the

product of any size concern regardless of the place of manufacture (but other laws such as the Buy American Act or Trade Agreements Act may apply). For service and construction requirements, the small business must perform set percentages of the work with its own employees (Limitations on Subcontracting), on set-aside requirements.

## Sole Source

Although competition is the preferred means of contracting, the SBA’s 8(a) Business Development Program (FAR subpart 19.8), HUBZone (subpart 19.13), Service Disabled Veteran-Owned Business (subpart 19.14) and Woman-Owned Small Business Programs (subpart 19.15) each have provisions allowing for sole-source awards, when applicable. A contracting officer must give equal consideration to firms in each of these Programs when considering an award.

## Subcontracting

Subcontracting opportunities are a great opportunity for small businesses, especially for those not ready to bid as prime contractors. Experience gained from subcontracting with a federal prime contractor can better prepare businesses to bid for prime contracts.

Current regulations stipulate that for contracts offering subcontracting opportunities with values over \$700,000 for goods and services, or \$1.5 million for construction must offer the maximum practicable subcontracting opportunities to small businesses. In addition, potential large business prime contractors must submit a subcontracting plan with their proposal describing how they will successfully maximize subcontracting opportunities to small businesses.

To find subcontracting opportunities, a list of federal prime solicitations is listed under the U.S. Small Business Administration Subcontracting Network (SUBNET) [web.sba.gov/subnet/search/index.cfm](http://web.sba.gov/subnet/search/index.cfm) and through the General Services Administration (GSA) at [www.gsa.gov/portal/content/101195](http://www.gsa.gov/portal/content/101195). Research the list of prime contractors and determine which are best suited to your business. Develop a marketing strategy, and then contact the Small Business Liaison Officer (SBLO) listed for each prime to schedule an appointment. The SBA has a cadre of Commercial Market Representatives (CMRs) who work closely with large prime contractors to maximize use of small businesses as subcontractors. They can also assist small businesses

with subcontracting matters. To find a CMR, go to: <https://www.sba.gov/content/cm-directory>.

# SBA CONTRACTING PROGRAMS

## HUBZONE

The Historically Underutilized Business Zones (HUBZone) program helps small businesses located in distressed urban and rural communities gain access to federal set-aside contracts and sole source contracts, as well as a price evaluation preference in full and open contract competitions. Federal agencies have a goal of awarding 3 percent of the total value of all prime contract and subcontract awards to small businesses that SBA has certified as HUBZone. The list of HUBZone small business can be located at [http://dsbs.sba.gov/dsbs/search/dsp\\_searchhubzone.cfm](http://dsbs.sba.gov/dsbs/search/dsp_searchhubzone.cfm). To qualify for the program, a business (except those that are tribally-owned) must meet the following criteria:

- Small Business by SBA size standards
- Owned and controlled at least 51 percent by U.S. citizens, or a Community Development Corporation (CDC), an agricultural cooperative, or an Indian tribe
- Principal office must be located within a “Historically Underutilized Business Zone,” which includes lands considered “Indian Country” and military facilities closed by the Base Realignment and Closure Act
- At least 35 percent of its employees must reside in a HUBZone.

**Note:** Different rules apply for Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives. These are delineated in Title 13 of the Code of Federal Regulations, Part 126.

Existing businesses that choose to move to qualified areas are eligible to apply for certification provided they meet all the eligibility requirements. To fulfill the requirement that 35 percent of a HUBZone firm’s employees reside in a HUBZone, employees must live in a primary residence at a place for at least 180 days, or as a currently registered voter, and with intent to live there indefinitely.

### The SBA is responsible for:

- Determining whether or not applicants are qualified HUBZone small business concerns;

- Maintaining a list of qualified HUBZone small business concerns for use by acquisition agencies in awarding contracts under the program;
- Adjudicating protests and appeals of eligibility to receive HUBZone contracts.

For additional information, visit [www.sba.gov/hubzone](http://www.sba.gov/hubzone).

## 8(a) BUSINESS DEVELOPMENT PROGRAM

The 8(a) program is an essential instrument for helping socially and economically disadvantaged entrepreneurs gain access to the economic mainstream of American society. The 9-year program helps thousands of aspiring entrepreneurs gain a foothold in government contracting. The program offers business development assistance that includes one-on-one training and counseling, training workshops, match-making opportunities with federal buyers and other management and technical guidance. 8(a) participants can receive sole-source contracts, up to a ceiling of \$4 million for goods and services and \$6.5 million for manufacturing. While we help 8(a) participants build their competitive and institutional know-how, we also encourage them to participate in competitive acquisitions to become viable firms that continue to grow after graduating from the program. There is a statutory requirement that small disadvantaged business concerns be awarded not less than 5 percent of the total value of all prime contract awards. All 8(a) firms are considered small disadvantaged business concerns for the purpose of federal contracting.

To be eligible for the 8(a) Business Development program, a business must meet the following criteria:

- Small Business in the Primary NAICS;
- Owned (at least 51 percent) by one or more individuals who qualify as socially and economically disadvantaged, and who are U.S. citizens of good character;
- Controlled, managed, and operated full-time by one or more individuals who qualify as disadvantaged, and;
- Must demonstrate potential for success (generally by being in business for at least two full years) and have the capacity to perform on government and non-government contracts before applying.

Socially disadvantaged individuals are those who have been subjected to

# WHAT YOU SHOULD KNOW ABOUT YOUR BUSINESS

To be eligible to bid on a federal contract, you must know your business. Answer the following three questions:

### 1. Are you a small business?

Is your small business:

- Organized for profit?
- Located in the U.S.?
- Operated primarily within the U.S. or making a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor?
- Independently owned and operated?
- Not dominant in the field of operation in which it is bidding for government contracts?
- A sole proprietorship, partnership, corporation, or any other legal form?

If the first six criteria apply to your business, ask yourself the second important question to find out if your business meets size standard requirements.

### 2. What is the size standard for your business?

Size standards are used to determine whether a business is small or “other than small.” Size standards vary depending upon the industry. To determine the size standard for your business, you will need a North American Industry Classification code (NAICS). Every federal agency uses these codes when considering your business. To determine your NAICS code, go to [www.census.gov/eos/www/naics/](http://www.census.gov/eos/www/naics/). Some SBA programs require their own unique size standards. To find out more about these requirements and other size standard information, go to [www.sba.gov/size](http://www.sba.gov/size).

racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual capabilities. The following individuals are automatically presumed to be socially disadvantaged: Black Americans, Native Americans, Alaska Natives or Native Hawaiians, Hispanic Americans, Asian Pacific Americans, and Subcontinent Asian Americans. An individual who is not a member of one of these groups must establish individual social disadvantage by a preponderance of evidence.

### 3. Do you fall under a specific certification?

Under the umbrella of “small business,” SBA has outlined several specific certifications that businesses may fall under. These certifications are divided into two categories:

#### SBA-Certified and Self-Certified.

The SBA-Certified Programs were created to assist specific businesses in securing federal contracts and therefore can only be issued by SBA administrators. For the Self-Certified Programs, you can determine for yourself if your business meets the requirements by referring to the Federal Acquisition Regulation (FAR).

Just as Congress has given federal agencies a goal of procuring 23 percent of federal contracts from small businesses, so too must federal agencies meet specific contracting goals for other categories of small firms. These goals are:

- 23 percent of contracts for Small Businesses
- 5 percent of contracts to Small Disadvantaged Businesses
- 5 percent to Women-Owned Small Businesses
- 3 percent to Service-Disabled Veteran-Owned Small Businesses
- 3 percent to HUBZone Small Businesses

Federal agencies have a strong incentive to fulfill these contracting goals. You should apply for those SBA-Certified and determine which Self-Certification programs for which you qualify to take advantage of contracting opportunities.

Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free-enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. Such individuals have a net worth of less than \$250,000 (excluding primary residence and other exclusions).

Firms owned by Alaska Native Corporations, Indian tribes, Native

Hawaiian organizations, and Community Development Corporations can also apply to the SBA for 8(a) business development assistance. Entity owned firms may receive sole source contracts without dollar limitation.

Each 8(a) firm is assigned a Business Opportunity Specialist at the nearest SBA District Office geographically near the business to coordinate the firm's business development assistance.

In addition, 8(a) participants may take advantage of specialized business training, counseling, marketing assistance, and high-level executive development provided by the SBA and our resource partners. 8(a) participants can also be eligible for assistance in obtaining access to surplus government property and supplies, SBA-guaranteed loans, and bonding assistance.

For additional information about applying for the SBA's 8(a) Program, visit [www.sba.gov/8a](http://www.sba.gov/8a).

## SMALL DISADVANTAGED BUSINESS

A Small Disadvantaged Business (SDB) is defined as a small business that is at least 51 percent owned and controlled by one or more individuals who are socially and economically disadvantaged.

There is a federal government-wide goal of awarding at least 5 percent of prime contracting dollars to SDBs each year. Large prime contractors must also establish a 5 percent subcontracting goal for SDBs in their subcontracting plans which includes SBA 8(a) certified small businesses.

Firms self-certify as SDB in the federal data base called the System for Award Management (SAM) without submitting any application to the SBA; however, firms approved by the SBA into the 8(a) Business Development Program are automatically certified as an SDB. To self-certify, firms should access the website: [www.sba.gov/sdb](http://www.sba.gov/sdb). By reading the information contained therein you will be given guidance as to what steps are required.

## SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS

The Service-Disabled Veteran-Owned Small Business (SDVOSB) program has a federal government-wide goal of awarding at least 3 percent of prime and subcontracting dollars to Service-Disabled Veteran-Owned Small Businesses each year. Large



prime contractors must also establish a subcontracting goal for SDVOSBs in their subcontracting plans. These subcontracting goals are reviewed at time of proposal by both the contracting officer and the SBA prior to the award of a contract.

While the SBA does not certify companies as SDVOSBs, SDVOSB protest process is administered by SBA to ensure that only businesses owned by service-disabled veterans receive contracts reserved exclusively for them. When a business's SDVOSB self-certification is challenged, the SBA determines if the business meets the status, ownership and control requirements.

An SDVOSB must be owned and controlled by one or more individuals with a service connected disability. To determine your eligibility, contact your local veterans' business development officer, visit the various program websites, or contact SBA's Office of Veterans Business Development at [www.sba.gov/ovbd](http://www.sba.gov/ovbd).

## WOMEN-OWNED SMALL BUSINESS FEDERAL CONTRACT PROGRAM

On October 7, 2010, the SBA published a final rule effective February 4, 2011, aimed at expanding federal contracting opportunities for women-owned small businesses. The Women-Owned Small Business (WOSB) Federal Contract Program authorizes contracting officers to set aside certain federal contracts for eligible women-owned businesses and economically disadvantaged women-owned small businesses (EDWOSB)

in specified industries where it has been determined WOSBs and EDWOSBs are underrepresented. Commencing October 14, 2015, certain contract requirements can be awarded on a sole-source basis to WOSB and EDWOSB concerns in those specified industry categories.

To be eligible, a firm must be at least 51 percent owned or controlled by one or more women. The women must be U.S. citizens and the WOSB or EDWOSB must be "small" under its primary industry in accordance with SBA's size standards established for under the North American Industry Classification code assigned to that industry. To be deemed "economically disadvantaged" its owners must demonstrate economic disadvantage in accordance with the requirements set forth in the final rule. For additional information, visit [www.sba.gov/wosb](http://www.sba.gov/wosb).

Protests under the WOSB Federal Contract Program are also adjudicated by the SBA. When a company's WOSB or economically disadvantaged WOSB self-certification is challenged, the SBA determines if the business meets ownership and control requirements.

Large prime contractors must also establish a subcontracting goal for Woman-Owned Small Businesses in their Subcontracting Plans. These subcontracting goals are reviewed at time of proposal by both the contracting officer and the SBA prior to the award of a contract.

# GETTING STARTED IN CONTRACTING

Once you have identified the important information regarding your business, it is time to start the process of procuring a government contract.

## 1. Identify your DUNS (Data Universal Numbering System) Number

To register your business, obtain a DUNS number used to identify and track millions of businesses. You can obtain your free DUNS number when registering with the System for Award Management. Log on to [www.sam.gov](http://www.sam.gov) for more information or by contacting Dun & Bradstreet at <http://fedgov.dnb.com/webform>.

## 2. Identify your EIN (Employer Identification Number)

An EIN, otherwise known as a federal tax identification number, is generally required of all businesses. For more information, go to [www.irs.gov](http://www.irs.gov).

## 3. Identify your NAICS (North American Industry Classification) codes

The NAICS codes are used to classify the industry a particular business occupies. You will need at least one NAICS code to complete your registration, but be sure to list as many as apply. You may also add or change NAICS codes at any time. Visit [www.census.gov/eos/www/naics/](http://www.census.gov/eos/www/naics/) to find NAICS codes.

## 4. Register with the System for Award Management (SAM), formerly the Central Contractor Registration (CCR) - [www.sam.gov](http://www.sam.gov)

The SAM is an online federal government maintained database of companies wanting to do business with the federal government. Agencies search the database for prospective vendors. You must be registered in SAM in order to do business as a Federal contractor.

Register at [www.SAM.com](http://www.SAM.com). After completing registration, you will be asked to enter your small business profile information through the SBA Supplemental Page. The information will be displayed in the Dynamic Small Business Search. Creating a profile in SAM and keeping it current ensures your firm has access to federal contracting opportunities.

Entering your small business profile, including your business information and key word description, allows contracting officers, prime contractors, and buyers from state and local governments to learn about your company.

## 5. Submit an offer for a GSA Schedule Contract

The GSA (General Services Administration) Multiple Award Schedule (aka Federal Supply Schedule) is used by GSA to establish long-term, government-wide contracts with commercial firms. Although their use is not generally mandatory, many Agencies and buying offices use GSA schedules for their contracting needs. Once these contracts are established, government agencies can order the supplies and services they need directly from the firms through the use of an online shopping tool. Becoming a GSA schedule contractor increases your

opportunity for contracts across all levels of government. Businesses interested in becoming GSA schedule contractors should review the information available at [www.gsa.gov/schedules](http://www.gsa.gov/schedules).

## 6. Make Sure Your Business is Financially Sound

This critical step is absolutely necessary to make sure that your business is financially prepared for the journey ahead. Even if you are able to obtain a government contract, you will not be receiving all of the money at once. It helps to have a clear plan of how your business will stage the benefits of the contract.

## 7. Search Federal Business Opportunities (FedBizOpps) for Contracting Opportunities

FedBizOpps, is an online service operated by the federal government that announces available business opportunities. FedBizOpps helps identify the needs of federal agencies and available contracting opportunities. To begin searching for contracting opportunities, go to [www.fbo.com](http://www.fbo.com).

## 8. Marketing Your Business

Registering your business is not enough to obtain a federal contract; you will need to market your business to attract federal agencies. Tips for good marketing are:

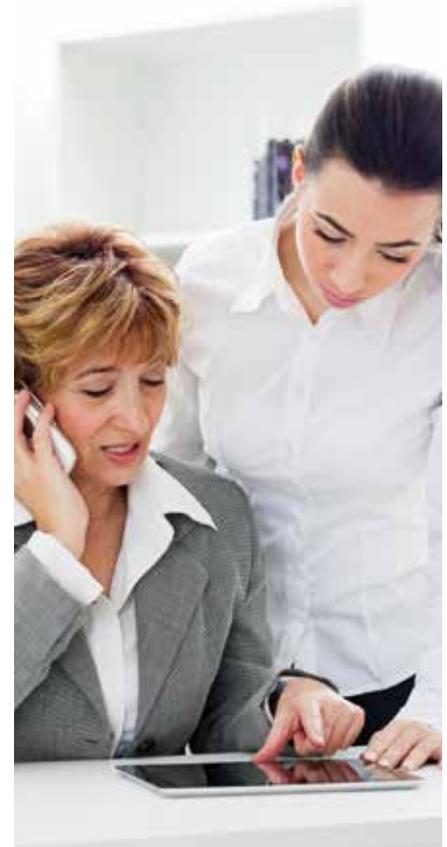
- Determine which federal agencies buy your product or service, and get to know them;
- Identify the contracting procedures of those agencies;
- Focus on opportunities in your niche and prioritize them.
- You should identify the PSC (Product Services Code) and/or a FSC (Federal Supply Classification), which describes your business. These codes provide additional information about the services and products your business offers.

## 9. Procurement Technical Assistance Centers (PTACs)

Doing business with the government is a big step to growing your business. Procurement Technical Assistance Centers (PTACs) provide local, in-person counseling and training services for you, the small business owner. They are designed to provide technical assistance to businesses that want to sell products and services to federal, state, and/or local governments. PTAC services are available either free of charge, or at a nominal cost. PTACs are part of the Procurement Technical Assistance Program, which is administered by the Defense Logistics Agency.

What can a PTAC do for you?

- Determine if your business is ready for government contracting.
- Pursuing government contracts is a challenge, and can be burden for your company if you do not have the resources or maturity to handle a contract. A PTAC representative can sit with you one-on-one and determine if your company is ready, and how to position yourself for success.



- Help you register in the proper places. There are numerous databases to register with to get involved with the government marketplace, including the Department of Defense's System for Award Management (SAM), GSA Schedules, and other government vendor sites.
- See if you are eligible in any small business certifications. Some government contracts are set aside for certain businesses that have special certifications, such as woman-owned, minority-owned, and HUBZone. A PTAC representative can help you obtain these certifications, if you are eligible, allowing for more government contract opportunities.
- Research past contract opportunities. A PTAC representative can look into past contracts, to see what types of contracts have been awarded to businesses like yours.

In addition, a PTAC can help you identify and bid on a contract, and if you are awarded the contract, continue to provide you support through measuring your performance and helping with your contract audits. Don't hesitate to find the PTAC near you today to get started in government contracting or to improve your success.

# ADDITIONAL PROCUREMENT AND FEDERAL RESOURCES

The following federal procurement resources may also be of assistance:

- **The Certificates of Competency (CoC) program** allows SBA to review a contracting officer's non-responsibility determination that it is unable to fulfill the requirements of a specific government contract. The SBA will conduct a detailed review of the firm's technical and financial capabilities to perform on the contract. If the business demonstrates the capability to perform, the SBA issues a Certificate of Competency to the contracting officer, requiring award of that contract to the small business.
- **Procurement Center Representatives (PCR) and Commercial Marketing Representatives (CMR):** PCRs work to increase the small business share of federal procurement awards. CMRs offer many services to small businesses, including counseling on how to obtain subcontracts. To find a PCR or CMR near you, go to [www.sba.gov/content/procurement-center-representatives](http://www.sba.gov/content/procurement-center-representatives).
- **SBDCs (Small Business Development Centers):** Like PTACs, SBDCs are important SBA Resource Partners which provide "hands-on" assistance to small businesses. To find an SBDC servicing your area, go to: <http://americassbdc.org/home/find-your-sbdc/>.
- **Department of Defense (The DoD is the largest purchaser of goods from small businesses):** [www.acq.osd.mil/osbp/](http://www.acq.osd.mil/osbp/)
- **Office of Federal Procurement Policy:** [www.whitehouse.gov/omb/procurement\\_default](http://www.whitehouse.gov/omb/procurement_default)
- **Acquisition Forecast:** [www.acquisition.gov/comp/procurement\\_forecasts/index.html](http://www.acquisition.gov/comp/procurement_forecasts/index.html)
- **Federal Supply Schedule (FSS):** [www.gsa.gov](http://www.gsa.gov)
- **Federal Procurement Data System (FPDS):** [https://www.fpds.gov/fpdsng\\_cms/index.php/en/](https://www.fpds.gov/fpdsng_cms/index.php/en/)
- **GSA Center for Acquisition Excellence:** [www.gsa.gov/portal/content/103487](http://www.gsa.gov/portal/content/103487)
- **Natural Resources Sales Assistance** The U. S. Small Business Administration (SBA) administers a Property Sales Assistance Program through its Office of Government Contracting. The Program includes; Royalty Oil, Strategic Materials from the National Stockpile, Leases involving rights to minerals; coal, oil and gas, Surplus Real & Personal Property Sales, and the U.S. Small Business Administration's Timber Sale Program. The SBA oversees timber sales by working in conjunction with the following agencies via Memorandums of Understanding (MOU): Department of Agriculture, Department of the Interior, Bureau of Land Management and Fish & Wildlife Service, Department for Defense, Department of Energy, and the Tennessee Valley Authority. There are also directives governing the program in the Forest Service Handbook 2409.18, and 13 CFR (Code of Federal Regulations) section 121.501-512. Timber sales are not governed by the Federal Acquisition Regulation. SBA's Timber Program is administered via a Senior Representative located in SBA Headquarters, and 3 Industrial Specialists

- Forestry (ISF) located in Atlanta, GA; Denver, CO; and Portland, OR. The ISF's monitor the 148 market areas that make-up the national parks, forests, and Federally-owned lands. Timber is regularly sold from Federal forests and other federally managed lands. SBA works with the Forest Service and other agencies to ensure opportunities exist for small businesses to bid on these Federal timber sales.

## U.S. EXPORT RESOURCES AVAILABLE FOR BUSINESSES

### MARKET RESEARCH

#### Trade Statistics

- o Trade Stats Express | [tse.export.gov](http://tse.export.gov)
- o State and Metro Export Reports

[www.trade.gov/mas/ian/statereports](http://www.trade.gov/mas/ian/statereports)

#### Market Research Library/Country Commercial Guides

- o Get free access to reports on countries, industries, and commercial developments written by our Commercial Service officers in country

[www.export.gov/mrktresearch](http://www.export.gov/mrktresearch)

#### FTA Tariff Tool

- o Find out the tariffs with our trading partners on specific products and create reports and charts of trends under different agreements

[www.export.gov/ftatarifftool](http://www.export.gov/ftatarifftool)

#### A Basic Guide to Exporting

- o The nuts-and-bolts information a company needs to meet the challenges of the global economy. Includes real-life principles of exporting

[www.export.gov/basicguide](http://www.export.gov/basicguide)

### OPPORTUNITIES: FINDING BUYERS AND MAKING CONTACTS

#### U.S. Export Assistance Centers

- o Located in over 100 cities, specializing in the below services to help small businesses export

[www.export.gov/eac/index.asp](http://www.export.gov/eac/index.asp)

#### Trade Counseling

- o Develop a market entry strategy, find the best export finance options, navigate export controls and complete the required trade documentation

#### Business Matchmaking

- o Get connected with pre-screened foreign buyers, participate in trade events, and set up meetings with government officials in your target markets

#### Market Intelligence

- o Conduct analysis of market potential and foreign competition, complete background checks on companies, and get help from USEAC staff on navigating any cultural differences

#### "Gold Key" Services

- o The Department's "Gold Key" suite of service includes: customized matchmaking meetings scheduled overseas to find business partners and customers, pre-screened appointments arranged before travelling, market and industry briefings with trade specialists, post-meeting debriefings and assistance in developing appropriate follow-up strategies, and help with travel, accommodations, interpreter service, and clerical support

### Trade Missions

- o Participate in overseas trips with U.S. government personnel to meet with potential business partners and explore potential market opportunities

### Foreign Buyer Delegations

- o Exhibit your products to vetted potential foreign buyers at trade shows in the United States

### Major Foreign Trade Shows

- o Showcase your products and services in U.S. pavilions at overseas trade shows

### Reverse Trade Missions

- o Meet foreign delegates coming to see U.S. products and technologies.
- o The U.S. Trade and Development Agency connects international buyers with U.S. manufacturers and service providers in order to open new export markets and commercial opportunities world-wide

[www.ustda.gov](http://www.ustda.gov)

### Advocacy

- o The Advocacy Center coordinates U.S. government efforts to advocate on behalf of U.S. exporters bidding on public-sector contracts with foreign governments and government agencies

[www.export.gov/advocacy](http://www.export.gov/advocacy)

### Agricultural products

- o The U.S. Department of Agriculture provides several of the aforementioned services through the Foreign Agricultural Service and partner State-Regional Trade Groups | [www.fas.usda.gov/getting-started](http://www.fas.usda.gov/getting-started) and [www.fas.usda.gov/programs/market-access-program-map/state-regional-trade-groups](http://www.fas.usda.gov/programs/market-access-program-map/state-regional-trade-groups)

### FEDERAL EXPORT FINANCING AND INSURANCE OPTIONS

#### Export Financing and Insurance

- o Federal export financing options can make your company more competitive by helping you offer a potential buyer more attractive payment terms

#### The Small Business Administration (SBA)

- o Take advantage of a wide range of financing options for small businesses, including the Export Express Program, Export Working Capital Program, and International Trade Loan | [www.sba.gov](http://www.sba.gov)

### COMPLIANCE WITH FEDERAL LAWS AND REGULATIONS

#### Export Licenses (BIS)

- o Obtain information on exports requiring a license before shipping

[www.bis.doc.gov](http://www.bis.doc.gov)

#### Economic and Trade Sanctions (Treasury)

- o Find out the countries, entities, and individuals with whom U.S. firms cannot do business | [treas.gov/ofac](http://treas.gov/ofac)

#### Electronic Export Information (Census)

- o Upon exporting any good value at over \$2500, information must be submitted to the Automated Export System. Get help on filing AES, classifying merchandise, regulations and trade data

1-800-549-0595

# SBA DISASTER ASSISTANCE

Knowing the Types of Assistance Available for Recovery



**T**he disaster program is SBA's largest direct loan program, and the only SBA program for entities other than small businesses. SBA is responsible for providing affordable, timely and accessible financial assistance to non-farm businesses of all sizes, private, nonprofit organizations, homeowners and renters following declared disasters.

The SBA is authorized by the Small Business Act to make two types of disaster loans:

## Physical Disaster Loans

Physical Disaster Loans are the primary source of funding for permanent rebuilding and replacement of uninsured or underinsured disaster-caused damages to privately-owned real and/or personal property. SBA's physical disaster loans are available to businesses of all sizes, private nonprofit organizations of all sizes, homeowners and renters. Businesses and private, nonprofit organizations of any size may apply for a loan up to \$2 million (actual loan amounts are based on the amount of uncompensated damage) to repair

or replace real property, machinery, equipment, fixtures, inventory and leasehold improvements. A homeowner may apply for a loan of up to \$200,000 to repair or replace the primary residence to its pre-disaster condition. Homeowners or renters may apply for a loan up to \$40,000 to help repair or replace personal property, such as clothing, furniture or automobiles, lost in the disaster.

The SBA may increase a loan up to 20 percent of the total amount of physical damages as verified by SBA to make improvements that protect the property from similar future disasters.

## Economic Injury Disaster Loans

Economic Injury Disaster Loans provide the necessary working capital after a declared disaster until normal operations resume. Small businesses, small agricultural cooperatives, small businesses engaged in aquaculture (fisheries, for example) and most private nonprofit organizations of all sizes are eligible for EIDL assistance, regardless of whether there was any physical damage. The loan limit is \$2 million. The EIDL helps small businesses meet

ordinary and necessary operating expenses as they recover from a disaster. The limit for physical and EIDL loans combined is \$2 million.

The Military Reservists Economic Injury Disaster Loan is a working capital loan for small businesses facing financial loss when the owner or an essential employee is called up to active duty in their role as a military reservist. The loan limit is \$2 million and the business can use the funds to cover operating expenses until the essential employee or business owner is released from active duty.

The SBA can only approve disaster loans to applicants having an acceptable credit history and repayment ability. The terms of each loan are established in accordance with each borrower's ability to repay. The law gives SBA several powerful tools to make disaster loans affordable: low-interest rates (around 4 percent), long-terms (up to 30 years), and refinancing of prior liens (in some cases). As required by law, the interest rate for each loan is based on SBA's determination of whether the applicant has credit available elsewhere — the ability to borrow or use their own



resources to recover from the disaster without causing undue hardship.

More information on all of SBA's disaster assistance programs, including information for military reservists, is available at [www.sba.gov/disaster](http://www.sba.gov/disaster). Apply online using the Electronic Loan Application (ELA) via SBA's secure Website at: <https://disasterloan.sba.gov/ela>.

## Disaster Preparedness

Recovering from a disaster doesn't begin with clearing the debris and returning to work. Imagine stepping into your store, or restaurant, or the office where you run your business, a day or two after the fire has been contained, the tornado has passed, or floodwaters have receded. First come the questions: "How much will it cost to rebuild? Will my insurance cover all this? How will I pay my employees and vendors and cover the bills during the recovery phase?" Before a disaster strikes is a good time to start, or update and test your business continuity plan.

And while SBA disaster loans go a long way toward revitalizing communities devastated by the economic fallout that follows disasters, with a solid preparedness plan in place, your

business will be able to recover sooner, possibly without taking on new debt.

Assessing your risks and needs are an important first step in developing your business continuity strategy. The American Red Cross' Ready Rating™ program ([www.readyrating.org](http://www.readyrating.org)) is a free online tool that helps businesses get prepared for disaster and other emergencies. With Ready Rating you can evaluate your level of disaster readiness, and you'll get customized feedback on how to establish or expand your disaster plan.

Another useful site provided by FEMA — Ready.gov ([www.ready.gov](http://www.ready.gov)) — provides practical disaster preparedness tips and checklists for businesses, homeowners and renters. SBA has teamed up with Agility Recovery Solutions to offer business continuity strategies through the "PrepareMyBusiness" website ([www.preparemybusiness.org](http://www.preparemybusiness.org)) and monthly disaster planning webinars. Previous topics — presented by experts in their fields — have included crisis communications, testing the preparedness plan, and using social media to enhance small business recovery. At the website you can sign up for future webinars, view

previous webinars, and download checklists that give you tips on risk assessment, evacuation plans and flood preparedness, that will help you develop a solid business continuity plan.

Meanwhile, here are a few preparedness tips to consider:

- **Review Your Insurance Coverage.** Contact your insurance agent to find out if your coverage is right for your business and make sure you understand the policy limits. Ask about Business Interruption Insurance, which compensates you for lost income and covers operating expenses if your company has to temporarily shut down after a disaster.
- **Establish a solid supply chain.** If all your vital external vendors and suppliers are local and if the disaster is significantly widespread, you'll all be in the same boat, struggling to recover. It's a good idea to diversify your list of vendors for key supplies to companies outside your area or internationally, if possible. Create a contact list for important contractors and vendors you plan to use in an emergency and find out if those suppliers have a recovery plan in place. Keep this list with other documents filed in a place that's accessible, and also at a protected off-site location.
- **Plan for an alternate location.** Do some research well in advance of the disaster for several alternative places to relocate your company in the event a disaster forces you to shut down indefinitely. Some options include contacting a local real estate agent to get a list of available vacant office space. Make an agreement with a neighboring business to share office space if disaster strikes. If possible, make plans for employees to telecommute until the office has been rebuilt.

The financial and emotional cost of rebuilding a business after a disaster can be overwhelming. However, with a business continuity plan in place, you'll be able to rebound and reopen quickly, and in a better position to contribute to the economic recovery of your community.

As small businesses are leading America's economic recovery, many of them are investing time and money into their plans to grow and create jobs. Developing a strong disaster preparedness plan should be a critical and integral piece of those efforts. Planning for a disaster is the best way of limiting its effects.

# ADVOCACY AND OMBUDSMAN

Watching Out for the Interests of Small Businesses



## OFFICE OF ADVOCACY

The Office of Advocacy is an independent office within the U.S. Small Business Administration. Advocacy's mission is to be the "small business watchdog" in the federal government. The office is headed by the chief counsel for advocacy, who is appointed by the President and confirmed by the Senate.

The office examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, the president and federal courts. The Office of Advocacy compiles and interprets statistics on small business and is the primary entity within the federal government to disseminate small business data. The office also funds outside research on small business issues and produces numerous publications to inform policy makers about the important role of small businesses in the economy and the impact of government policies on small businesses. In addition, the office monitors federal agency compliance with the Regulatory Flexibility Act – the law that requires agencies to analyze the impact of their proposed regulations on small entities (including small businesses, small governmental jurisdictions and small nonprofit organizations), and consider regulatory alternatives that minimize the economic burden on small entities.

Advocacy's mission is enhanced by a team of regional advocates, located in the SBA's 10 regions. They are

Advocacy's direct link to small business owners, state and local government entities, and organizations that support the interests of small entities. The regional advocates help identify regulatory concerns of small business by monitoring the impact of federal and state policies at the grassroots level.

Learn more about the Office of Advocacy at [www.sba.gov/advocacy](http://www.sba.gov/advocacy).

## OFFICE OF THE NATIONAL OMBUDSMAN:

*Bringing Fair Regulatory Enforcement to America's Small Businesses*

The National Ombudsman has helped thousands of small businesses save time and money by resolving difficult regulatory compliance and enforcement issues. As part of President Obama's mandate to promote a level playing field for small business, we work directly with federal regulators to facilitate practical and timely resolutions of Regulatory Enforcement Fairness (REF) matters impacting small businesses.

The National Ombudsman oversees fair enforcement of small business regulation by:

- Providing small business owners a confidential way to report and resolve federal REF problems, like excessive enforcement action or disproportionate fines
- Escalating small business concerns to federal agencies for fairness review & resolution
- Grading federal agencies on their small business policies and practices

Small businesses can connect with the National Ombudsman online at [sba.gov/ombudsman](http://sba.gov/ombudsman), in-person, or through a national network of Regulatory Fairness Board Members. The National Ombudsman meets with small business owners around the country at listening sessions and regulatory fairness dialogues in all ten SBA Regions. These outreach events provide critical, real-time input from the small business community on REF issues impacting small business growth and help federal regulators better understand how government can best support small business success.

Regional Regulatory Fairness Boards in each of SBA's 10 regions promote regulatory fairness by alerting federal regulators to important REF issues such as unintended consequences of a new rule or regulation. These Boards, each made up of five small business owners, also help raise awareness in their communities about resources available to small businesses through the SBA and the National Ombudsman.

Every year, the National Ombudsman reports to Congress its findings on the impact of the policies and practices of every federal agency that touches small business.

To learn more about how the National Ombudsman can help your small business, or to confidentially report a REF issue, call 888-REG-FAIR (888-734-3247) or complete the simple one-page form at [sba.gov/ombudsman/comment](http://sba.gov/ombudsman/comment).

# ADDITIONAL RESOURCES

## Taking Care of Startup Logistics



**E**ven if you are running a small home-based business, you will have to comply with many local, state and federal regulations. Avoid the temptation to ignore regulatory details. Doing so may avert some red tape in the short term, but could be an obstacle as your business grows. Taking the time to research the applicable regulations is as important as knowing your market. Bear in mind that regulations vary by industry. If you're in the food-service business, for example, you will have to deal with the health department. If you use chemical solvents, you will have environmental compliances to meet. Carefully investigate the regulations that affect your industry. Being out of compliance could leave you unprotected legally, lead to expensive penalties and jeopardize your business.

### BUSINESS LICENSES

There are many types of licenses, both state and local as well as professional. Depending on what you do and where you plan to operate, your business may be required to have various state and/or municipal licenses, certificates or permits.

Licenses are typically administered by a variety of state and local departments. Consult your state or local government for assistance.

### FICTITIOUS BUSINESS NAME

Search to determine if the name of your proposed business is already in use. If it is not used, register the name to protect your business. For more information, contact the county clerk's office in the county where your business is based. If you are a corporation, you'll need to check with the state..

### BUSINESS INSURANCE

Like home insurance, business insurance protects your business against fire, theft and other losses. Contact your insurance agent or broker. It is prudent for any business to purchase a number of basic types of insurance. Some types of coverage are required by law, others simply make good business sense. The types of insurance listed below are among the most commonly used and are merely a starting point for evaluating the needs of your business.

**Liability Insurance** – Businesses may incur various forms of liability in conducting their normal activities. One of the most common types is product liability, which may be incurred when a customer suffers harm from using the product. There are many other types of liability, which are frequently related to specific industries. Liability law is constantly changing. An analysis of your liability

insurance needs by a competent professional is vital in determining an adequate and appropriate level of protection for your business.

**Property** – There are many different types of property insurance and levels of coverage available. It is important to determine the property insurance you need to ensure the continuation of your business and the level of insurance you need to replace or rebuild. You should also understand the terms of the insurance, including any limitations or waivers of coverage.

**Business Interruption** – While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business Interruption (or “business income”) insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational.

**“Key Man”** – If you (and/or any other individual) are so critical to the operation of your business that it cannot continue in the event of your illness or death, you should consider “key man” insurance. This type of policy is frequently required by banks or government loan programs. It also can be used to provide continuity of operations during a period of ownership transition caused by the death, incapacitation or absence due to a Title 10 military activation of an owner or other “key” employee.

**Automobile** – It is obvious that a vehicle owned by your business should be insured for both liability and replacement purposes. What is less obvious is that you may need special insurance (called “non-owned automobile coverage”) if you use your personal vehicle on company business. This policy covers the business’ liability for any damage which may result from such usage.

**Officer and Director** – Under most state laws, officers and directors of a corporation may become personally liable for their actions on behalf of the company. This type of policy covers this liability.

**Home Office** – If you are establishing an office in your home, it is a good idea to contact your homeowners' insurance company to update your policy to include coverage for office equipment. This coverage is not automatically included in a standard homeowner's policy.

## TAXES

Taxes are an important and complex aspect of owning and operating a successful business. Your accountant, payroll person, or tax adviser may be very knowledgeable, but there are still many facets of tax law that you should know. The Internal Revenue Service is a great source for tax information. Small Business/Self-Employed Tax Center: [www.irs.gov/Businesses/Small-Businesses-&Self-Employed](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed).

When you are running a business, you don't need to be a tax expert. However, you do need to know some tax basics. The IRS Small Business/Self-Employed Tax Center gives you the information you need to stay tax compliant so your business can thrive.

For Small Business Forms and Publications visit: [www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Forms-and-Publications](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Forms-and-Publications).

## FEDERAL PAYROLL TAX (EIN NUMBERS)

An Employer Identification Number (EIN), also known as a Federal Employer Identification Number (FEIN), is used to identify a business entity. Generally, businesses need an EIN to pay federal withholding tax.

You may apply for an EIN in various ways, one of which is to apply online at [www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Employer-ID-Numbers-EINs](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Employer-ID-Numbers-EINs). This is a free service offered by the Internal Revenue Service.

Call 800-829-1040 if you have questions. You should check with your state to determine if you need a state number or charter.

## FEDERAL SELF-EMPLOYMENT TAX

Every employee must pay Social Security and Medicare taxes. If you are self-employed, your contributions are made through the self-employment tax.

The IRS has publications, counselors and workshops available to help you sort it out. For more information, contact the IRS at 800-829-1040 or [www.irs.gov](http://www.irs.gov).

## SALES TAX EXEMPTION CERTIFICATE

If you plan to sell products, you will need a Sales Tax Exemption Certificate. It allows you to purchase inventory, or materials, which will become part of the product you sell, from suppliers without paying taxes. It requires you to charge sales tax to your customers, which you are responsible for remitting to the state. You will have to pay penalties if it is found that you should have been taxing your products and now owe back taxes to the state. For information on sales tax issues, contact your state government.

## FEDERAL INCOME TAX

Like the state income tax, the method of paying federal income taxes depends upon your legal form of business.

**Sole Proprietorship:** You must file IRS Federal Form Schedule C along with your personal Federal Income Tax return (Form 1040) and any other applicable forms pertaining to gains or losses in your business activity.

**Partnership:** You must file a Federal Partnership return (Form 1065). This is merely informational to show gross and net earnings of profit and loss. Also, each partner must report his share of partnership earnings on his individual Form 1040 based on the information from the K-1 filed with the Form 1065.

**Corporation:** You must file a Federal Corporation Income Tax return (Form 1120). You will also be required to report your earnings from the corporation including salary and other income such as dividends on your personal federal income tax return (Form 1040).

## FEDERAL PAYROLL TAX

**Federal Withholding Tax:** Any business employing a person must register with the IRS and acquire an EIN and pay federal withholding tax at least quarterly. File Form SS-4 with the IRS to obtain your number and required tax forms. Call 800-829-3676 or 800-829-1040 if you have questions.

## IRS WEB PRODUCTS FOR SMALL BUSINESSES

For the most timely and up-to-date tax information, go to [www.irs.gov](http://www.irs.gov).

## VIRTUAL SMALL BUSINESS WORKSHOP

[www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Self-Employed-Virtual-Small-Business-Tax-Workshop](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Self-Employed-Virtual-Small-Business-Tax-Workshop)

The Virtual Small Business Tax Workshop is the first of a series of video products designed exclusively for small business taxpayers. This workshop helps business owners understand federal tax obligations. The Virtual Small Business Workshop is available on CD at [www.irs.gov/businesses/small/article/0,,id=101169,00.html](http://www.irs.gov/businesses/small/article/0,,id=101169,00.html) if you are unable to attend a workshop in person. Small business workshops are designed to help the small business owner understand and fulfill their federal tax responsibilities. Workshops are sponsored and presented by IRS partners who are federal tax specialists.

Workshop topics vary from a general overview of taxes to more specific topics such as recordkeeping and retirement plans. Although most are free, some workshops have fees associated with them. Fees for a workshop are charged by the sponsoring organization, not the IRS.

The IRS's Virtual Small Business Tax Workshop is an interactive resource to help small business owners learn about their federal tax rights and responsibilities. This educational product, available online and on CD consists of nine stand-alone lessons that can be selected and viewed in any sequence. A bookmark feature makes it possible to leave and return to a specific point within the lesson. Users also have access to a list of useful online references that enhance the learning experience by allowing them to view references and the video lessons simultaneously.

The Tax Calendar for Small Businesses and Self-Employed (Publication 1518) [www.irs.gov/businesses/small/article/0,,id=101169,00.html](http://www.irs.gov/businesses/small/article/0,,id=101169,00.html) contains useful information on general business taxes, IRS and SSA customer assistance, electronic filing and paying

options, retirement plans, business publications and forms, common tax filing dates, and federal legal holidays.

## SOCIAL SECURITY CARDS

All employees must have a Social Security number and card. It must be signed by its owner, and you should always ask to see and personally record the Social Security number. Failure to do so may cause your employee to lose benefits and considerable trouble for yourself in back tracking to uncover the error.

Each payday, your employees must receive a statement from you telling them what deductions were made and how many dollars were taken out for each legal purpose. This can be presented in a variety of ways, including on the check as a detachable portion or in the form of an envelope with the items printed and spaces for dollar deductions to be filled in.



## EMPLOYEE CONSIDERATIONS Taxes

If you have any employees, including officers of a corporation but not the sole proprietor or partners, you must make periodic payments towards, and/or file quarterly reports about payroll taxes and other mandatory deductions. You may contact these government agencies for information, assistance and forms.

### Social Security Administration

800-772-1213  
[www.ssa.gov](http://www.ssa.gov)

### Social Security's Business Services Online

The Social Security Administration now provides free electronic services online at [www.socialsecurity.gov/employer/](http://www.socialsecurity.gov/employer/). Once registered for Business Services Online, business owners or their authorized representative can:

- file W-2s online; and
- verify Social Security numbers through the Social Security Number Verification Service, used for all employees prior to preparing and submitting Forms W-2.

### Federal Withholding

U.S. Internal Revenue Service  
800-829-1040  
[www.irs.gov](http://www.irs.gov)

### Health Insurance

Compare plans in your area at [www.healthcare.gov](http://www.healthcare.gov).

### Employee Insurance

If you hire employees you may be required to provide unemployment or workers' compensation insurance.

## WORKPLACE DISABILITY PROGRAMS

Americans with Disabilities Act (ADA): For assistance with the ADA, call 800-669-3362 or visit [www.ada.gov](http://www.ada.gov).

## U.S. CITIZENSHIP AND IMMIGRATION SERVICES

The Federal Immigration Reform and Control Act of 1986 requires employers to verify employment eligibility of new employees. The law obligates an employer to process Employment Eligibility Verification Form I-9. The U.S. Citizenship and Immigration Services Office of Business Liaison offers a selection of information bulletins and live assistance through the Employer Hotline. For forms call 800-870-3676, for the Employer Hotline call 800-357-2099.

## E-Verify: Employment Eligibility Verification

E-Verify, operated by the Department of Homeland Security in partnership with the Social Security Administration, is the best — and quickest — way for employers to determine the employment eligibility of new hires. It is a safe, simple, and secure Internet-based system that electronically verifies the Social Security number and employment eligibility information reported on Form I-9. E-Verify is voluntary in most states and there is no charge to use it.

If you are an employer or employee and would like more information about the E-Verify program, please visit [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify) or contact Customer Support staff: 1-888-464-4218 Monday – Friday 8 a.m. – 5 p.m.  
E-mail: [e-verify@dhs.gov](mailto:e-verify@dhs.gov)

## SAFETY AND HEALTH REGULATIONS

All businesses with employees are required to comply with state and federal regulations regarding the protection of employees. The Occupational Safety and Health Administration provides information on the specific health and safety standards adopted by the U.S. Department of Labor. Call 1-800-321-6742 or visit [www.osha.gov](http://www.osha.gov).

### Texas Occupation Safety & Health Consultation (OSHCON) Program

Free safety and health compliance assistance for private sector employers.  
800-252-7031 Option 2  
[oshcon@tdi.texas.gov](mailto:oshcon@tdi.texas.gov)  
[www.txoshcon.com](http://www.txoshcon.com)

## BUILDING CODES, PERMITS AND ZONING

It is important to consider zoning regulations when choosing a site for your business. You may not be permitted to conduct business out of your home or engage in industrial activity in a retail district. Contact the business license office in the city or town where the business is located.

## BAR CODING

Many stores require bar coding on packaged products. Many industrial and manufacturing companies use bar coding to identify items they receive and ship. There are several companies that can assist businesses with bar-coding needs. You may want to talk with an

SBDC, SCORE or WBC counselor for more information.

## Federal Registration of Trademarks and Copyrights

Trademarks or service marks are words, phrases, symbols, designs or combinations thereof that identify and distinguish the source of goods. Trademarks may be registered at both the state and federal level. To register a federal trademark, contact:

### U.S. Patent and Trademark Office

P.O. Box 1450  
Alexandria, VA 22313-1450  
800-786-9199  
[www.uspto.gov/](http://www.uspto.gov/)

### Trademark Information Hotline

703-308-9000

## STATE REGISTRATION OF A TRADEMARK

Trademarks and service marks may be registered in a state.

**Caution:** Federally registered trademarks may conflict with and supersede state registered business and product names.

### Patents

A patent is the grant of a property right to the inventor by the U.S. Patent and Trademark Office. It provides the owner with the right to exclude others from making, using, offering for sale or selling the patented item in the United States.

Additional information is provided in the publications, General Information Concerning Patents and other publications distributed through the U.S. Patent and Trademark Office. For more information, contact the:

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## BUSINESS ORGANIZATION: Choosing Your Business Structure

There are many forms of legal structure you may choose for your business. Each legal structure offers organizational options with different tax and liability issues. We suggest you research each legal structure thoroughly and consult a tax accountant and/or attorney prior to making your decision.

The most common organizational structures are sole proprietorships, general and limited partnerships and limited liability companies.

Each structure offers unique tax and liability benefits. If you're uncertain which business format is right for you, you may want to discuss options with a business counselor or attorney.

### Sole Proprietorship

One person operating a business as an individual is a sole proprietorship. It's the most common form of business organization. Profits are taxed as income to the owner personally. The personal tax rate is usually lower than the corporate tax rate. The owner has complete control of the business, but faces unlimited liability for its debts. There is very little government regulation or reporting required with this business structure.

### General Partnership

A partnership exists when two or more persons join together in the operation and management of a business. Partnerships are subject to relatively little regulation and are fairly easy to establish. A formal partnership agreement is recommended to address potential conflicts such as: who will be responsible for performing each

task; what, if any, consultation is needed between partners before major decisions, and what happens when a partner dies. Under a general partnership each partner is liable for all debts of the business. Profits are taxed as income to the partners based on their ownership percentage.

### Limited Partnership

Like a general partnership, a limited partnership is established by an agreement between two or more persons. However, there are two types of partners.

- A general partner has greater control in some aspects of the partnership. For example, only a general partner can decide to dissolve the partnership. General partners have no limits on the dividends they can receive from profit so they incur unlimited liability.
- Limited partners can only receive a share of profits based on the proportional amount of their investment, and liability is similarly limited in proportion to their investment.

### LLCs and LLPs

The limited liability company or partnership is a relatively new business form. It combines selected corporate and partnership characteristics while still maintaining status as a legal entity distinct from its owners. As a separate entity it can acquire assets, incur liabilities and conduct business. It limits liability for the owners. The limited liability partnership is similar to the LLC, but it is for professional organizations.



# SBA PARTICIPATING LENDERS

## VISTA BANK

317 Main St.  
Abernathy, TX 79311  
806-298-2551

## BANK OF AMERICA, NA

500 Chestnut St.  
Abilene, TX 79602-1496  
325-675-7500

## CITIBANK, N.A.

1242 N. 4th St.  
Abilene, TX 79601  
325-480-8211

## COLEMAN COUNTY STATE BANK

4609 Southwest Dr.  
Abilene, TX 79608  
325-625-2172

## COMPASS BANK

6301 Buffalo Gap Rd.  
Abilene, TX 79606  
325-691-0000

## FIRST BANK TEXAS, SSB

966 N. Judge Ely  
Abilene, TX 79601  
325-673-1885

## FIRST FINANCIAL BANK, NA

3300 S. 14th St.  
Abilene, TX 79605-5099  
325-627-7200

## FIRST STATE BANK

2118 S Treadaway Blvd.  
Abilene, TX 79602  
325-677-3000

## HASKELL NATIONAL BANK

3202 Buffalo Gap Rd.  
Abilene, TX 79605  
325-692-3300

## JPMORGAN CHASE BANK, NA

3444 N. 1st  
Abilene, TX 79603-6920  
325-674-3800

## PROSPERITY BANK

815 N. Judge Ely Blvd.  
Abilene, TX 79601-4699  
325-794-3100

## WESTERN BANK

2550 Buffalo Gap Rd.  
Abilene, TX 79605  
325-695-9297

## AMARILLO NATIONAL BANK

712 N Taylor  
Amarillo, TX 79107  
806-345-1600

## BANK OF AMERICA, NA

3440 Bell St., #328  
Amarillo, TX 79109  
806-359-3131

## BANK OF COMMERCE

800 S. Monroe  
Amarillo, TX 79101  
806-373-1720

## FIRST BANK AND TRUST OF MEMPHIS

6900 I-40 W., Ste. 125  
Amarillo, TX 79106  
806-331-3142

## FIRST CONVENIENCE BANK

5730 W. Amarillo Blvd.  
Amarillo, TX 79106  
254-554-6699

## FIRST NATIONAL BANK TEXAS

4215 Canyon Dr.  
Amarillo, TX 79110  
254-554-6699

## FIRST UNITED BANK

1900 S.E. 34th Ave., Ste. 100  
Amarillo, TX 79159  
806-337-1888

## FIRSTBANK SOUTHWEST

2401 S. Georgia  
Amarillo, TX 79109  
806-355-9661

## FIRSTCAPITAL BANK OF TEXAS, NA

3900 S. Soney Rd.  
Amarillo, TX 79101  
806-374-1000

## FIRSTCAPITAL BANK OF TEXAS, NA

7100 Hillside Rd.  
Amarillo, TX 79109  
806-358-1500

## HAPPY STATE BANK

701 S. Taylor  
Amarillo, TX 79101  
806-373-2265

## HERRING BANK

2201 Civic Cir.  
Amarillo, TX 79101  
806-677-7000

## INTERSTATE BANK, SSB

5085 S. Coulter St.  
Amarillo, TX 79119  
806-331-6000

## JPMORGAN CHASE BANK, NA

600 S. Tyler St.  
Amarillo, TX 79101  
806-378-3100

## THE STATE NATIONAL BANK OF GROOM

101 S.E. 11th Ave., Ste. 100  
Amarillo, TX 79101  
806-371-7100

## WELLS FARGO BANK, NA

4140 S. Coulter  
Amarillo, TX 79109  
806-463-1000

## WOODFOREST NATIONAL BANK

4610 S. Coulter  
Amarillo, TX 79119  
806-352-9012

## THE NATIONAL BANK OF ANDREWS

1501 N. Main  
Andrews, TX 79714  
432-523-6800

## CITIBANK, N.A.

1101 E. Court Plaza  
Anson, TX 79501  
325-455-8260

## SECURITY BANK

405 W. 2nd  
Big Lake, TX 76932  
325-884-2551

## TEXAS FINANCIAL BANK

1300 Second St.  
Big Lake, TX 76932  
325-884-3737

## COMPASS BANK

1500 S. Gregg St.  
Big Spring, TX 79720  
432-267-1651

## LONE STAR STATE BANK OF WEST TEXAS

600 E. FM 700  
Big Spring, TX 79720  
432-264-7717

## PROSPERITY BANK

1411 Gregg St.  
Big Spring, TX 79720  
432-267-5555

## WELLS FARGO BANK, NA

400 S. Main St.  
Big Spring, TX 79720-2523  
432-267-5513

## WESTERN BANK

607 S. Scurry St.  
Big Spring, TX 79720  
432-394-4256

## WOODFOREST NATIONAL BANK

201 W. Marcy  
Big Spring, TX 79720  
432-466-0100

## FIRSTBANK SOUTHWEST

115 S. Main  
Booker, TX 79005  
806 658-4551

## SNB BANK, NATIONAL ASSOCIATION

10 S. Main  
Booker, TX 79005  
806-650-2265

## BORGER BANK

301 W. 6th  
Borger, TX 79007  
806-275-5000

## HAPPY STATE BANK

1431 W. Wilson St.  
Borger, TX 79007  
806-274-2265

## INTERBANK

531 N. Deahl  
Borger, TX 79007  
806-273-2865

## WELLS FARGO BANK, NA

503 Deahl Ave.  
Borger, TX 79007-4115  
806-274-6361

## THE FIRST NATIONAL BANK OF STERLING CITY

102 W. Main  
Bronte, TX 76933  
325-473-2911

## LONE STAR STATE BANK OF WEST TEXAS

301 W. Main St.  
Brownfield, TX 79316-4323  
806-637-2531

## PROSPERITY BANK

1323 Tahoka Rd.  
Brownfield, TX 79316-4314  
806-637-7626

## SUNDOWN STATE BANK

101 S. 1st St.  
Brownfield, TX 79316  
806-637-7712

## THE SECURITY STATE BANK

502 Vine St.  
Buffalo Gap, TX 79508  
325-572-3316

## HAPPY STATE BANK

200 Main St.  
Canadian, TX 79014-2213  
806-323-2265

## INTERBANK

115 Main St.  
Canadian, TX 79014  
806-323-6435

## WELLINGTON STATE BANK

301 Main St.  
Canadian, TX 79014  
806-323-9711

## BANK OF AMERICA, NA

1700 E. 4th Ave.  
Canyon, TX 79015  
806-655-2176

## FIRST CONVENIENCE BANK

1701 N. 23rd St.  
Canyon, TX 79015  
254-554-6699

## FIRST UNITED BANK

801 23rd St.  
Canyon, TX 79015-4249  
806-655-8000

## HAPPY STATE BANK

1908 4th Ave.  
Canyon, TX 79015  
806-655-2265

## WELLS FARGO BANK, NA

2111 4th Ave.  
Canyon, TX 79015-3739  
806-655-1111

## FIRST BANK AND TRUST OF CHILDRESS

2006 Ave. G N.W.  
Childress, TX 79201  
940-937-9013

## FIRST NATIONAL BANK

501 Commerce St.  
Childress, TX 79201-3714  
940-937-2514

## INTERBANK

501 Ave. F N.W.  
Childress, TX 79201  
940-937-6114

## WELLINGTON STATE BANK

2003 Ave. F N.W.  
Childress, TX 79201  
940-937-8686

## HERRING BANK

123 S. Kearney  
Clarendon, TX 79226  
806-874-3556

## PILGRIM BANK

123 E. 3rd  
Clarendon, TX 79226  
806-874-2080

## CITIZENS BANK

101 N. Trice  
Claude, TX 79019  
806-226-2661

## WESTERN BANK

500 W. Broadway  
Coahoma, TX 79511  
432-394-4256

## FIRST BANK & TRUST

2225 Hickory  
Colorado City, TX 79512  
325-728-3485

## SECURITY BANK

211 Andrews Hwy.  
Crane, TX 79731-2013  
432-558-7101

## WEST TEXAS NATIONAL BANK

720 S Gaston  
Crane, TX 79731  
432-558-3533

# SBA PARTICIPATING LENDERS

## VISTA BANK

104 W. Main St.  
Crosbyton, TX 79322  
806-675-7311

## BANK OF AMERICA, NA

323 Denver Ave.  
Dalhart, TX 79022  
806-244-6421

## FIRST STATE BANK

1601 16th St.  
Dalhart, TX 79022  
806-249-5513

## HAPPY STATE BANK

312 E. 2nd St.  
Dalhart, TX 79022  
806-249-2265

## WELLS FARGO BANK, NA

1641 Tennessee Ave.  
Dalhart, TX 79022  
806-244-7000

## SUNDOWN STATE BANK

202 W. Broadway  
Denver City, TX 79323  
806-592-9292

## WELLS FARGO BANK, NA

221 N. Ave. B  
Denver City, TX 79323-3141  
806-592-2181

## WEST TEXAS NATIONAL BANK

810 E. Broadway  
Denver City, TX 79323  
806-592-8521

## FIRST BANK OF MULESHOE

215 W. Bedford  
Dimmitt, TX 79027  
806-647-2265

## BANK OF AMERICA, NA

510 S. Bliss Ave.  
Dumas, TX 79029  
806-934-4222

## FIRST CONVENIENCE BANK

2003 S. Dumas Ave.  
Dumas, TX 79029  
806-934-1377

## FIRST NATIONAL BANK

1201 E. First St.  
Dumas, TX 79029  
806-934-8455

## FIRST STATE BANK

500 E. 1st  
Dumas, TX 79029  
806-935-4184

## HAPPY STATE BANK

800 S. Dumas Ave.  
Dumas, TX 79029  
806-934-2265

## FIRST UNITED BANK

Main & Cedar  
Earth, TX 79031  
806-257-3451

## FARWELL BANKING CENTER

801 Ave. A  
Farwell, TX 79325  
806-481-9580

## HAPPY STATE BANK

105 S. Wall St.  
Floydada, TX 79235  
806-983-2265

## PROSPERITY BANK

217 W. California St.  
Floydada, TX 79235  
806-983-3725

## INTERBANK

241 Main St.  
Follett, TX 79034  
806-653-2611

## THE FIRST NATIONAL BANK OF HEREFORD

710 W. 11th St.  
Frona, TX 79035  
806-250-2900

## INTERBANK

1105 N. Cleveland Ave.  
Frona, TX 79035  
806-250-5000

## VISTA BANK

701 Main St.  
Hale Center, TX 79041  
806-839-1000

## CENTENNIAL BANK

424 Broadway  
Hart, TX 79043  
806-938-2111

## CITIBANK, N.A.

518 S. Second  
Haskell, TX 79521  
940-864-8577

## FIRST BANK TEXAS, SSB

200 S. Ave E.  
Haskell, TX 79521  
940-864-8555

## FIRST CONVENIENCE BANK

300 W. 15th St.  
Hereford, TX 79045  
806-364-5600

## FIRST FINANCIAL BANK, NA

212 E. Third St.  
Hereford, TX 79045  
806-363-8200

## THE FIRST NATIONAL BANK OF HEREFORD

403 N. 25 Mile Ave.  
Hereford, TX 79045  
806-360-2100

## FIRSTBANK SOUTHWEST

300 Main St.  
Hereford, TX 79045-5303  
806-364-2435

## HAPPY STATE BANK

501 W. Park Ave.  
Hereford, TX 79045-4103  
806-394-2265

## HAPPY STATE BANK

21 N. Main St.  
Higgins, TX 79046  
806-852-2265

## CITY BANK

304 W. 1st St.  
Idalou, TX 79329  
806-892-9000

## VISTA BANK

930 Frontage Rd.  
Idalou, TX 79329  
806-892-2511

## KENT COUNTY STATE BANK

102 Donaho  
Jayton, TX 79528  
806-237-2644

## WEST TEXAS NATIONAL BANK

101 East Ave.  
Kermit, TX 79745-3606  
432-586-5876

## WEST TEXAS STATE BANK

100 W. Austin  
Kermit, TX 79745  
432-586-3421

## CITIZENS BANK, NA

110 N. Second  
Knox City, TX 79529  
940-658-3527

## FIRST UNITED BANK

602 N. 1st St.  
Lamesa, TX 79331-5408  
806-872-8311

## AIMBANK

110 College Ave.  
Levelland, TX 79336  
806-894-2265

## CITY BANK

600 College Ave.  
Levelland, TX 79336-4808  
806-894-2222

## FIRST CONVENIENCE BANK

407 E. State Rd. 114  
Levelland, TX 79336-2629  
254-554-6699

## JPMORGAN CHASE BANK, NA

800 8th St.  
Levelland, TX 79336-4528  
806-894-6111

## PROSPERITY BANK

311 College Ave.  
Levelland, TX 79336-0789  
806-894-5296

## SUNDOWN STATE BANK

1722 Ave. H  
Levelland, TX 79336  
806-894-7799

## AIMBANK

102 E. Waylon Jennings Blvd.  
Littlefield, TX 79339  
806-385-4441

## FIRST UNITED BANK

2003 S. Hall Ave.  
Littlefield, TX 79339  
806-385-7181

## PROSPERITY BANK

1601 S. Phelps  
Littlefield, TX 79339  
806-385-5149

## WELLINGTON STATE BANK

501 Phelps Ave.  
Littlefield, TX 79339-3345  
806-385-5134

## HAPPY STATE BANK

201 N. Main  
Lockney, TX 79241  
806-652-2265

## WESTERN BANK

Main & Pacific  
Lorraine, TX 79532  
325-737-2211

## PEOPLES BANK

416 Harrison  
Lorenzo, TX 79343-9501  
806-634-5584

## VISTA BANK

705 6th St.  
Lorenzo, TX 79343-9740  
806-634-5521

## AIMBANK

3004 Slide Rd.  
Lubbock, TX 79407  
806-771-2265

## AMARILLO NATIONAL BANK

5905 82nd St.  
Lubbock, TX 79424  
806-712-7000

## AMERICAN BANK OF COMMERCE

3721 50th St.  
Lubbock, TX 79413-3913  
806-775-5000

## BANK OF AMERICA, NA

1901 University Ave.  
Lubbock, TX 79411-1555  
806-766-2600

## CENTENNIAL BANK

6602 Quaker Ave.  
Lubbock, TX 79413  
806-722-6545

## CENTENNIAL BANK

7207 82nd St.  
Lubbock, TX 79424  
806-722-6545

## CITY BANK

5506 4th St.  
Lubbock, TX 79416  
806-687-9925

## COMMERCIAL STATE BANK

6533 82nd St.  
Lubbock, TX 79423  
806-771-4141

## COMPASS BANK

4718 4th St.  
Lubbock, TX 79416  
806-771-0303

## COMPASS BANK

8200 Nashville Ave.  
Lubbock, TX 79423  
806-794-8300

## FIRST BANK & TRUST

7806 Indiana Ave.  
Lubbock, TX 79423  
806-776-0800

## FIRST CONVENIENCE BANK

4215 S. Loop 289  
Lubbock, TX 79423  
254-554-6699

## FIRST NATIONAL BANK TEXAS

6315 82nd St.  
Lubbock, TX 79424  
254-554-6699

## FIRST UNITED BANK

9801 Indiana Ave.  
Lubbock, TX 79424  
806-745-5900

## FIRSTCAPITAL BANK OF TEXAS, NA

6811 Indiana Ave.  
Lubbock, TX 79493  
806-793-4778

## LUBBOCK NATIONAL BANK

1001 Main  
Lubbock, TX 79401  
806-792-1000

## PEOPLES BANK

3801 34th St.  
Lubbock, TX 79410  
806-794-0044

## PLAINSCAPITAL BANK

5010 University Ave.  
Lubbock, TX 79413  
806-795-7131

# SBA PARTICIPATING LENDERS

## PROSPERITY BANK

1401 Ave. Q  
Lubbock, TX 79408-3891  
806-740-3400

## SOUTHWEST BANK

10115 Quaker Ave.  
Lubbock, TX 79424  
806-771-9494

## VISTA BANK

4515 98th St.  
Lubbock, TX 79424  
806-776-4000

## WELLINGTON STATE BANK

7801 Quaker Ave.  
Lubbock, TX 79424  
806-785-8500

## WELLS FARGO BANK, NA

1500 Broadway St.  
Lubbock, TX 79401-3116  
806-788-2600

## WESTERN BANK

5701 82nd St.  
Lubbock, TX 79424  
806-798-9700

## FIRST BANK & TRUST

1025 Main  
Matador, TX 79244  
806-347-2661

## FIRST BANK & TRUST

621 Noel St.  
Memphis, TX 79245-3329  
806-259-3556

## WELLINGTON STATE BANK

119 S. 6th St.  
Memphis, TX 79245  
806-259-3577

## FIRST FINANCIAL BANK, NA

301 Edwards  
Merkel, TX 79536  
325-235-6630

## PROSPERITY BANK

111 Edwards St.  
Merkel, TX 79536-3801  
325-928-4728

## AIMBANK

100 S. Main  
Miami, TX 79059  
806-868-2771

## AIMBANK

3200 Andrews Hwy.  
Midland, TX 79701  
432-617-4567

## BANK OF AMERICA, NA

303 W. Wall St.  
Midland, TX 79701  
432-685-2000

## BRANCH BANKING AND TRUST COMPANY

1100 Andrews Hwy.  
Midland, TX 79701  
432-848-4453

## COMMUNITY NATIONAL BANK

3005 W. Cuthbert  
Midland, TX 79701-3826  
432-699-1916

## FIRST CONVENIENCE BANK

4517 N. Midland Dr.  
Midland, TX 79707  
254-554-6699

## FIRSTCAPITAL BANK OF TEXAS, NA

310 W. Wall St.  
Midland, TX 79701  
432-687-9114

## FROST BANK

800 W. Wadley  
Midland, TX 79705  
432-681-4181

## JPMORGAN CHASE BANK, NA

3209 Courtyard Dr.  
Midland, TX 79705  
432-688-6353

## PROSPERITY BANK

509 W. Wall St., Ste. 100  
Midland, TX 79701  
432-571-4960

## SECURITY BANK

600 N. Marienfeld Ave.  
Midland, TX 79701  
432-570-9330

## SOUTHWEST BANK

1301 W. Wall St.  
Midland, TX 79701  
432-552-1000

## WELLS FARGO BANK, NA

1030 Andrews Hwy.  
Midland, TX 79701  
432-699-3170

## WEST TEXAS NATIONAL BANK

2411 A Rankin Hwy.  
Midland, TX 79701  
432-682-7174

## WEST TEXAS STATE BANK

400 W. Illinois, #100  
Midland, TX 79701  
432-570-8679

## CITIZENS STATE BANK

111 S Robinson  
Miles, TX 76861  
325-468-3311

## SECURITY BANK

307 S. Main  
Monahans, TX 79756-4205  
432-943-2503

## TEJAS BANK

1405 S. Stockton  
Monahans, TX 79756  
432-943-4230

## WEST TEXAS STATE BANK

214 S. Main  
Monahans, TX 79756  
432-943-7561

## CITY BANK

107 W. Taylor  
Morton, TX 79346-3097  
806-266-5989

## FIRST BANK TEXAS, SSB

111 S. Munday Ave.  
Munday, TX 76371  
940-422-4522

## PEOPLES BANK

101 W. Hwy. 86  
Nazareth, TX 79031  
806-945-9504

## AIMBANK

7281 Tres Hermanas Blvd.  
Odessa, TX 79765  
432-617-8133

## BANK OF AMERICA, NA

216 E. 8th  
Odessa, TX 79761-4561  
800-432-1000

## COMMERCIAL STATE BANK

2525 N. Grandview  
Odessa, TX 79761  
432-550-0700

## COMMUNITY NATIONAL BANK

2659 JBS Pkwy.  
Odessa, TX 79762  
432-550-0574

## COMPASS BANK

1330 E. 8th St.  
Odessa, TX 79761-4738  
432-332-0141

## FIRST CONVENIENCE BANK

2450 W. Loop 338  
Odessa, TX 79763  
432-332-1630

## FROST BANK

2700 W. County Rd.  
Odessa, TX 79763  
432-570-4181

## JPMORGAN CHASE BANK, NA

1607 N. County Rd. W.  
Odessa, TX 79763  
432-334-0300

## LONE STAR STATE BANK

2975 JBS Pkwy.  
Odessa, TX 79762  
432-617-7717

## PLATINUM BANK

3650 Billy Hext Rd.  
Odessa, TX 79765  
432-332-3299

## PROSPERITY BANK

620 N. Grant St.  
Odessa, TX 79761  
432-552-1100

## SECURITY BANK

2752 N. County Rd. W.  
Odessa, TX 79764  
432-333-9901

## SOUTHWEST BANK

4800 E. 42nd St.  
Odessa, TX 79762  
432-552-5000

## WELLS FARGO BANK, NA

4101 JBS Pkwy.  
Odessa, TX 79762  
432-498-4400

## WEST TEXAS STATE BANK

2426 N. Grandview  
Odessa, TX 79761  
432-367-5000

## STATE NATIONAL BANK

901 S. Main  
O'Donnell, TX 79351  
432-264-2100

## HAPPY STATE BANK

612 Main  
Olton, TX 79064  
806-285-2265

## FIRST BANK AND TRUST OF CHILDRESS

704 10th St.  
Paducah, TX 79248  
806-492-2555

## THE FIRST NATIONAL BANK

717 10th St.  
Paducah, TX 79248  
806-492-3508

## FIRST CONVENIENCE BANK

2801 N. Charles St.  
Pampa, TX 79065  
806-665-2699

## FIRST NATIONAL BANK

1224 N. Hobart  
Pampa, TX 79065-7148  
806-665-0022

## FIRSTBANK SOUTHWEST

300 W. Kingsmill St.  
Pampa, TX 79065-6438  
806-665-2341

## HAPPY STATE BANK

1125 N. Hobart  
Pampa, TX 79065  
806-669-2265

## HAPPY STATE BANK

201 Euclid St.  
Panhandle, TX 79068  
806-537-2265

## FIRST NATIONAL BANK

2729 S. Main St.  
Perryton, TX 79070  
806-447-2265

## FIRSTBANK SOUTHWEST

201 S. Main  
Perryton, TX 79070  
806-435-3676

## VISTA BANK

1523 Main St.  
Petersburg, TX 79250  
806-667-3583

## PLAINS STATE BANK

601 9th St.  
Plains, TX 79355  
806-456-2022

## CENTENNIAL BANK

3201 Olton Rd.  
Plainview, TX 79072  
806-291-8000

## COMPASS BANK

2804 Olton Rd.  
Plainview, TX 79072-6708  
806-293-9661

## HAPPY STATE BANK

3110 Olton Rd.  
Plainview, TX 79072  
806-296-2265

## PROSPERITY BANK

3301 Olton Rd.  
Plainview, TX 79073-6711  
806-293-3888

## VISTA BANK

3000 Olton Rd.  
Plainview, TX 79072  
806-296-6000

## WELLS FARGO BANK, NA

205 W. 5th St.  
Plainview, TX 79072  
806-291-5566

## CENTENNIAL BANK

210 N. Broadway  
Post, TX 79364  
806-495-3545

## PEOPLES BANK

1605 W. Division St.  
Post, TX 79364  
806-728-2265

## WELLS FARGO BANK, NA

216 W. Main St.  
Post, TX 79356-3234  
806-495-2804

# SBA PARTICIPATING LENDERS

SBA PARTICIPATING LENDERS

## FIRST CAPITAL BANK

120 W. 3rd St.  
Quanah, TX 79252  
940-663-5311

## SECURITY BANK

211 Main St.  
Quanah, TX 79252-4013  
940-663-6331

## FIRST STATE BANK OF RANKIN

922 Main St.  
Rankin, TX 79778  
432-693-2411

## FIRST FINANCIAL BANK, NA

123 N. Concho  
Roby, TX 79543  
325-235-6630

## WEST TEXAS STATE BANK

211 Edwards St.  
Rowena, TX 76875  
325-442-2551

## HAMLIN NATIONAL BANK

523 5th St.  
Rule, TX 79547  
325-576-2731

## FIRST UNITED BANK

106 Main St.  
Seagraves, TX 79359  
806-546-2541

## COMMERCIAL STATE BANK

505 N. Main St.  
Seminole, TX 79360  
432-758-9595

## FIRST UNITED BANK

601 N.W. Ave. B  
Seminole, TX 79360  
432-758-9950

## WEST TEXAS NATIONAL BANK

200 S.E. Ave. B  
Seminole, TX 79360-4436  
432-758-5845

## PEOPLES BANK

7503 Hwy. 84  
Shallowater, TX 79363  
806-832-5400

## FIRST NATIONAL BANK

305 N. Main St.  
Shamrock, TX 79079-2229  
806-256-2181

## HAPPY STATE BANK

711 N. Main St.  
Shamrock, TX 79079-2227  
806-256-2265

## HAPPY STATE BANK

500 Main St.  
Silverton, TX 79257  
806-823-2265

## CENTENNIAL BANK

103 Texas Ave.  
Slaton, TX 79364-4245  
806-828-6545

## PEOPLES BANK

1605 W. Division St.  
Slaton, TX 79364  
806-728-2265

## PROSPERITY BANK

1800 W. Division St.  
Slaton, TX 79364-4237  
806-828-4282

## AIMBANK

4704 College Ave.  
Snyder, TX 79549  
325-573-2265

## FIRST BANK & TRUST

4500 College Ave.  
Snyder, TX 79549-3333  
325-573-9305

## PROSPERITY BANK

3610 College Ave.  
Snyder, TX 79549-4637  
325-573-4041

## CITY BANK

Hwy. 70  
Springlake, TX 79082  
806-986-4300

## COMPASS BANK

210 S. Swenson St.  
Stamford, TX 79553-4620  
325-773-5755

## FIRST BANK TEXAS, SSB

610 Columbia  
Stamford, TX 79553  
325-773-2122

## COMMUNITY NATIONAL BANK

1211 Lamesa Hwy.  
Stanton, TX 79782  
432-262-4790

## INTERBANK

525 Morse St.  
Stinnett, TX 79083  
806-878-2488

## HAPPY STATE BANK

100 N. Main  
Stratford, TX 79084  
806-366-2265

## FIRST UNITED BANK

200 Main St.  
Sudan, TX 79371  
806-227-2411

## HAPPY STATE BANK

416 Main St.  
Sunray, TX 79086  
806-948-2265

## FIRST FINANCIAL BANK, NATIONAL ASSOCIATION

201 Elm St.  
Sweetwater, TX 79556-4523  
325-235-6630

## THE ROSCOE STATE BANK

209 Cedar  
Sweetwater, TX 79556  
325-235-1700

## FIRST BANK & TRUST

1910 Lockwood  
Tahoka, TX 79373  
806-998-5395

## FIRST FINANCIAL BANK, NATIONAL ASSOCIATION

117 N. Main  
Trent, TX 79561  
325-235-6630

## CENTENNIAL BANK

125 S. Austin  
Tulia, TX 79088-2802  
806-995-4151

## CITIZENS BANK

200 N. Maxwell  
Tulia, TX 79088  
806-995-1919

## WELLS FARGO BANK, NATIONAL ASSOCIATION

101 N. Maxwell Ave.  
Tulia, TX 79088  
806-995-2301

## FIRST BANK & TRUST

201 Main St.  
Turkey, TX 79261  
806-423-1321

## TEXAS NATIONAL BANK

441 Graham  
Tuscola, TX 79562  
325-554-9000

## INTERBANK

101 N. Main  
Vega, TX 79092  
806-267-2105

## PILGRIM BANK

1705 E. 15th St.  
Wellington, TX 79095-3035  
806-447-2591

## FIRST STATE BANK

1408 S. Alan Bean Blvd.  
Wheeler, TX 79096  
806-826-5546

## WELLINGTON STATE BANK

405 Alan Bean Dr.  
Wheeler, TX 79096  
806-826-5566

## FIRST BANK & TRUST

221 S. Main  
White Deer, TX 79097  
806-883-2411

## FIRST BANK & TRUST

2000 Green Ave.  
Wilson, TX 79381  
806-628-6551

## SOUTHWEST BANK

309 Hendricks Blvd.  
Wink, TX 79789-0727  
432-527-3365

## AIMBANK

702 Donald Preston Dr.  
Wolfforth, TX 79382  
806-687-2462

## READYCAP LENDING, LLC

Ben Deal  
1320 Greenway Dr., Ste. 560  
Irving, TX 75038  
469-706-7082  
ben.deal@rclending.com

## 504 Certified Development Company

### ACCION TEXAS

(San Antonio based)  
Dallas/Ft. Worth  
Daniel Padron, Loan Officer  
8828 N. Stemmons Fwy., Ste. 101  
Dallas, TX 75247  
888-215-2373 ext. 1303  
dpadron@acciontexas.org  
www.acciontexas.org

### CAPITAL CDC

Jason Bigham, Bus. Dev. Officer  
West Texas Office  
3408 88th St.  
Lubbock, TX 79423  
806-749-3600  
jasonbigham@capitalcdc.com

### CAPROCK BUSINESS FINANCE CORPORATION

Cecily A. Miller  
Director of Economic  
Development  
South Plains Association of  
Governments  
P.O. Box 3730 (79452)  
1323 58th St.  
Lubbock, TX 79412  
806-762-8721  
cmiller@spag.org

### COUNCIL FINANCE

West Central Texas Council of  
Governments  
3702 Loop 322  
Abilene, TX 79602  
325-518-4942  
www.councilfinance.org

### TEXAS PANHANDLE REGIONAL DEVELOPMENT CORP.

Doug Nelson, VP Financial  
Services/Admin. Dir. AEDC/TPRDC  
801 S. Fillmore, Ste. 205  
Amarillo, TX 79101  
806-379-6411  
doug@amarilloedc.com

## Out of District Financial Institutes: NATIONAL LENDERS:

### BANK OF AMERICA, N.A.

100N Tryon St.  
Charlotte, NC 28255

## COMPASS BANK

(PLP, SBAX, CLP)  
15 S. 20th St.  
Birmingham, AL 35233

## JP MORGAN CHASE BANK N.A.

10 S Dearborn, FL 7, Ste. IL1  
Chicago, IL 60603

## WELLS FARGO BANK N.A.

(PLP, SBAX, CLP)  
101 N. Phillips Ave.  
Sioux Falls, SD 57104  
Small Loan Lenders /Micro-  
Lenders:

### ACCION TEXAS

Dallas / Ft. Worth  
8828 N. Stemmons Fwy., Ste. 101  
Dallas, TX 75247  
888-215-2373 ext. 1303  
www.acciontexas.org

### CELTIC BANK

14101 Panama City Beach Pkwy.,  
Ste. 300  
Panama City Beach, FL 32413  
866-644-0042 or 850-236-5166  
http://www.celticbank.com/  
express

### PEOPLE FUND

2921 E. 17th St., Bldg. D, Ste. 1  
Austin, TX 78702  
512-472-8087 ext. 115 or  
888-222-0017 ext. 115  
http://www.peoplefund.org

### LIFT FUND

2007 W. Martin St.  
San Antonio, TX 78207  
888-215-2373

### STRATEGIES FOR SMALL BUSINESS SUPERIOR FINANCIAL GROUP

536 San Ramon Valley Blvd., Ste. 137  
Danville, CA 94526  
925-381-8409 or 925-899-8449  
www.StrategiesForSmallBusiness.com  
http://www.superiorfg.com/Main2/

## Credit Unions:

### NAVY FCU (PLP, SBAX)

820 Follin Ln., NFCU HQ Bldg.  
Lobby Level (Box 3000)  
Vienna, VA 22180-3000

### RANDOLPH-BROOKS FCU (PLP, SBAX)

Harmon Dr. Randolph AFB,  
Bldg. 290 (Box 2097)  
Universal City, TX 78148-2097

### FIRST BASIN FCU

5509 Andrews Hwy.  
Midland TX 79703  
432-333-5600

# Congratulations on 35 Years!



*The U.S. Small Business Administration would like to take this opportunity to thank our largest resource partner for its service to the small business community.*

To find your nearest SBDC, visit [www.sba.gov](http://www.sba.gov) and click on "Local Assistance."

## **On the Cover: The Green Spot for Pet Lovers in the Omaha Area.**

Pet lovers in the Omaha area have come to rely on The Green Spot for a fun twist to an ordinary pet retail experience. The brightly colored lime green retail space in Omaha's popular Aksarben district offers a self-serve "Spot Wash," where owners can bathe their pets in waist-high tubs with the assistance of calming sprays, safety restraints, and hypo-allergenic shampoos, and the "Spot Lounge," where pets can play while owners enjoy a cup of tea or coffee and surf on free Wi-Fi. The Green Spot also offers locally produced handmade collars and organic bakery treats for dogs and cats, as well as offerings made from eco-friendly materials such as bamboo, vegetable dyes, organic cotton, and recycled plastics.

"They had a great idea, a cool idea," said Aretha Boex, director of the Nebraska Business Development Center (NBDC), of co-owners Jessica Ellis and Jennifer Haines. The two had approached the NBDC in 2011 in hopes of securing the financing necessary to open a storefront. "They made us feel so comfortable that we have been able to throw ideas at them and get constructive feedback," Haines said of the counseling help from Boex and NBDC. A member of SBA's resource partner network, the NBDC offers free business counseling assistance to aspiring entrepreneurs and owners of existing businesses.

Ultimately, however, the two persevered and snagged an SBA-guaranteed loan for \$140,000 from Centris Federal Credit Union. With the financing in hand, they opened their storefront in January 2012, and the business has grown steadily ever since. Eight months later, they hired their first full-time employee, a groomer. At the one-year mark, they hired a second full-time worker, who helped launch their online retail outlet. To meet the demand of its growing customer base, The Green Spot also expanded from 1,300 square feet to 3,300 square feet of retail space in May of 2015.

Today, the business enjoys 10 employees, including three full-time groomers, and in 2013 was named the Small Business of the Year for Nebraska's 2nd Congressional District by the SBA. "I nominated them because they're young entrepreneurs, two women, and I looked at how much they were doing for the community, in addition to their business," said Boex.

Ellis hopes to continue to grow The Green Spot in the next few years and will continue to rely upon the expertise she has come to know from the advisors at NBDC as the store moves forward.





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